STATE OF NEW YORK

COMPREHENSIVE ANNUAL

Financial Report of the Comptroller

FOR THE FISCAL YEAR ENDING MARCH 31,

1987

EDWARD V. REGAN
State Comptroller

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Prepared by the Office of the State Comptroller

EDWARD V. REGAN
State Comptroller

Contents

INTRODUCTORY SECTION

Letter From the Comptroller 7
New York State Organization Chart 14
Selected State Officials 14

FINANCIAL SECTION

Report of Independent Auditors 17

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet—
All Fund Types and Account Groups (Exhibit A) 20
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — All Governmental Fund Types and Expendable Trust Funds (Exhibit B) 22
Combined Statement of Cash Receipts and Disbursements—Budgetary Basis—Financial Plan and Actual—Governmental Fund Types (Exhibit C) 24
Combined Statement of Revenues, Expenses and Changes in Equity — Nonexpendable Trust Funds, State Administered Retirement Systems and Public Benefit Corporations (Exhibit D) 26
Combined Statement of Changes in Financial Position — Nonexpendable Trust Funds, State Administered Retirement Systems and Public Benefit Corporations (Exhibit E) 27
Notes to Financial Statements 28

COMBINING FINANCIAL STATEMENTS

General Fund
Narrative and Charts 65
Combining Balance Sheet 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 70
Special Revenue Funds
Narrative and Charts 75
Combining Balance Sheet 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 80

Combining Statement of Cash Receipts and Disbursements — Budgetary Basis — Financial Plan and Actual 84

Debt Service Funds

Narrative and Charts 89

Combining Balance Sheet 90

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 92

Combining Statement of Cash Receipts and Disbursements — Budgetary Basis — Financial Plan and Actual 94

Capital Projects Funds

Narrative and Charts 97

Combining Balance Sheet 98

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 100

Combining Statement of Cash Receipts and Disbursements — Budgetary Basis — Financial Plan and Actual 102

Trust and Agency Funds

Narrative and Charts 105

Combining Balance Sheet 106

Nonexpendable Trust Funds — Combining Statement of Revenues, Expenses and Changes in Fund Balances 110

Expendable Trust Funds — Combining Statement of Revenues, Expenditures and Changes in Fund Balances 112

Combining Statement of Changes in Assets and Liabilities — All Agency Funds 113

STATISTICAL SECTION

Schedule of Revenues, Expenditures and Other Financing Sources (Uses) — All Governmental Funds — for the Ten Past Fiscal Years 120

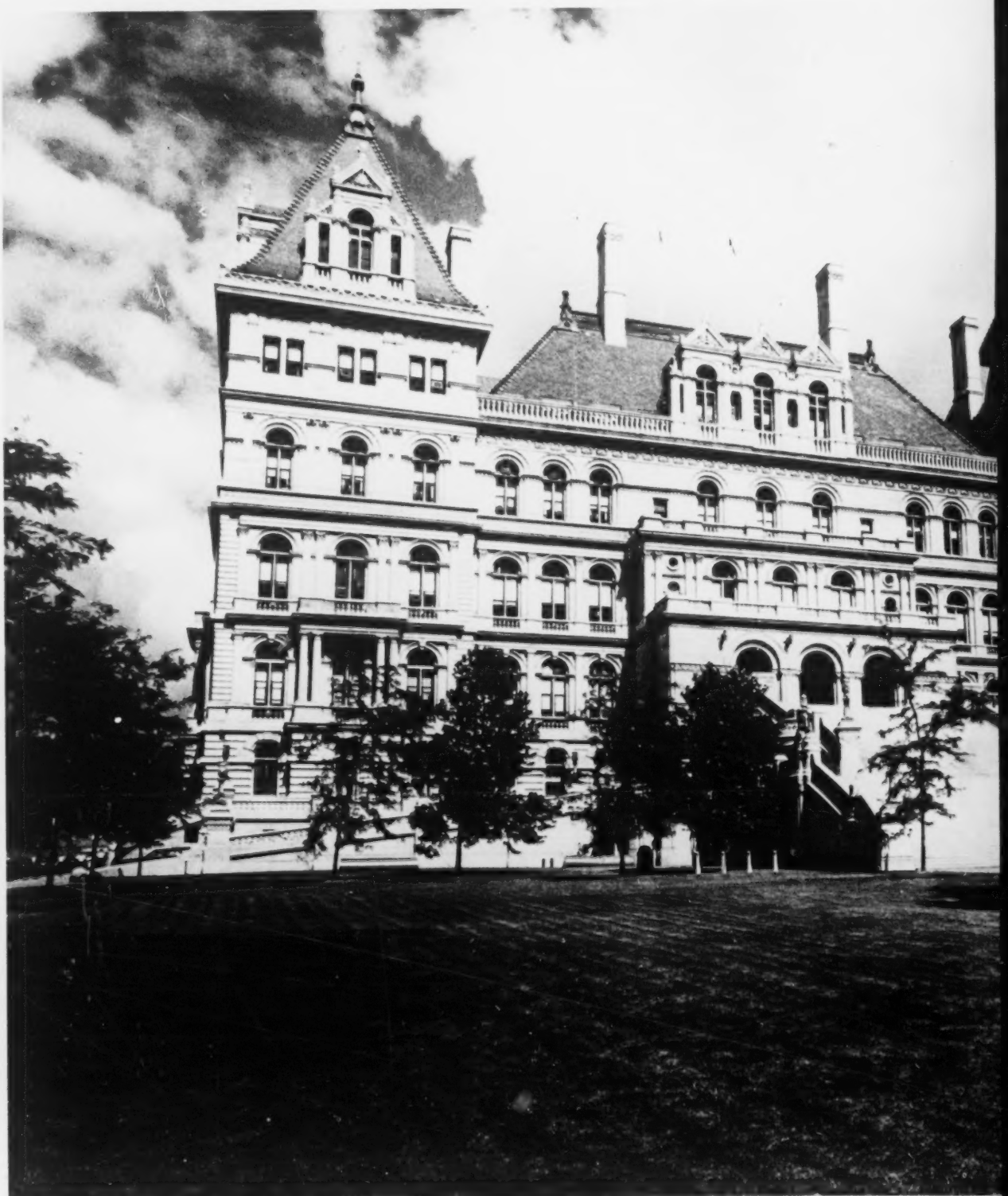
Schedule of Collections of Principal State Taxes 122

Schedule of State Related Debt Per Capita 123

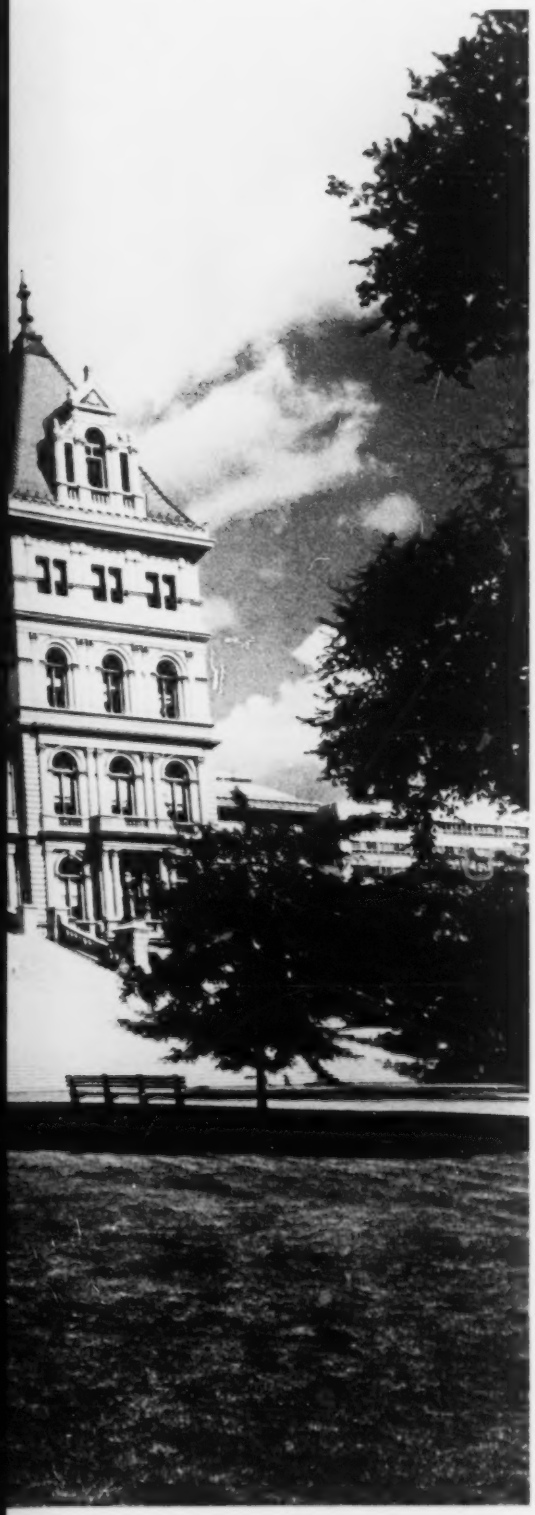
Schedule of Demographic Statistics 124

Schedule of City Populations Within New York State 125

Schedule of Ten Largest Industrial & Commercial Employers 126



State Capitol — NYS Dept. of Commerce



Introductory Section

EDWARD V. REGAN
State Comptroller

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
ALBANY, NEW YORK
12236

EDWARD V. REGAN
STATE COMPTROLLER

To the Citizens, Governor and Members of the Legislature of the State of New York:

In accordance with Section 8(9) of the New York State Finance Law, I am pleased to present the Comprehensive Annual Financial Report of the State of New York for the fiscal year ended March 31, 1987. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the State Comptroller. I am confident the data presented, is accurate in all material aspects; that, except for general fixed assets, it is presented in a manner which fairly sets forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

This report has been prepared in accordance with generally accepted accounting principles ("GAAP") for governments as promulgated by both the Governmental Accounting Standards Board and the Financial Accounting Standards Board. The general purpose financial statements contained in this report have been examined by Peat Marwick Main & Co. Their report certifies that, with the exception of general fixed assets, the information is fairly presented in accordance with GAAP.

Last year I reported that the General Fund ended the year with a $156 million operating surplus. This was the first time since we began preparing financial statements in accordance with GAAP that the General Fund had an operating surplus. This year I'm pleased to report a General Fund operating surplus of $1 billion. This is primarily the result of increased personal income tax revenues reflecting changes in taxpayer behavior in reaction to the Federal Tax Reform Act of 1986. Most of the unanticipated personal income tax revenue is potentially nonrecurring. It may, in fact, represent revenues that would otherwise have been received in 1987 or in later tax years. Prudence dictates that such revenues should not be used to meet recurring state operation requirements.

I have recommended that these unanticipated revenues not be expended and instead be set aside to reduce the annual spring borrowing which is used to pay for deficits incurred in prior years. It is my belief that extra revenues generated during good economic times should be used to reduce deficits and borrowings, rather than to create new levels of spending, which could not be sustained without imposing unpalatable tax increases if the economy slows. However, if any of the unanticipated revenues are used to finance certain program expenditures, as appears likely, then those expenditures should be of a nonrecurring nature or to avoid the issuance of debt.

In the last three years the Governor and the Legislature working together halted rollovers, capped and then reduced the spring borrowing and the accumulated deficit. The 1987-88 spring borrowing was $2.600 billion, with a net effective interest cost of $123 million compared to the

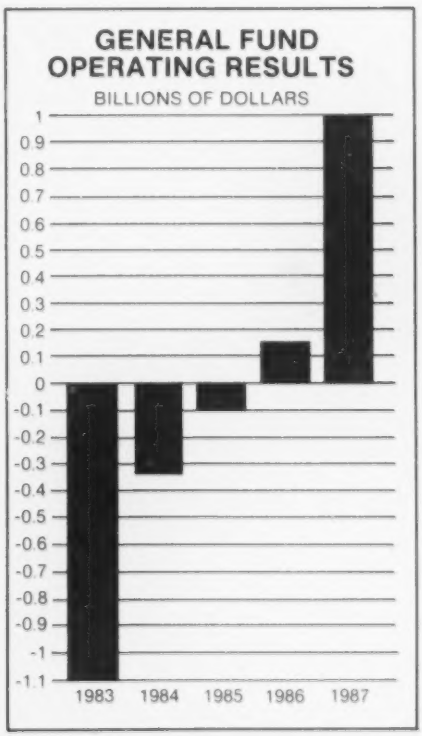
period prior to the enactment of the above reforms (1984-85) when the spring borrowing was $4.300 billion at an interest cost of over $245 million. This past spring's sale of notes was the lowest since 1974. In addition, for the third straight year the State's notes were given the top rating by the two major rating agencies. The Governor and the Legislature are also to be commended for enacting multi-year tax cuts, while reducing the annual spring borrowing.

While these measures have helped enhance our competitiveness, more needs to be done. As I mentioned in my report last year the most compelling fiscal issue facing New York is controlling State spending and reducing the accumulated deficit. Excessive spending can only be brought under control when we limit growth in State spending and more effectively manage State agencies and their programs.

Accounting Systems and Internal Controls

The State's accounting records for governmental funds and expendable trust funds are maintained on a modified accrual basis, with revenues being recorded when measurable and available and expenditures being recorded when services or goods are received and the liabilities are incurred. Accounting records for nonexpendable trust funds are maintained on the accrual basis, while agency funds are accounted for on the cash basis.

In developing the State's accounting system, consideration was given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived. To monitor the adequacy of the State's internal accounting controls my auditors periodically check adherence to internal control policies and procedures.



Subsequent to year end the Legislature passed the New York State Governmental Accountability, Audit and Internal Control Act of 1987 which commits the State to enhancing existing systems of internal controls in all State governmental entities. For the first time there will be a requirement for managers in all branches and components of government to maintain comprehensive internal control systems and to regularly evaluate the effectiveness and adequacy of these systems by internal reviews and external audits. Finally, the legislation promotes accountability by assuring that all external audits are made available to the public.

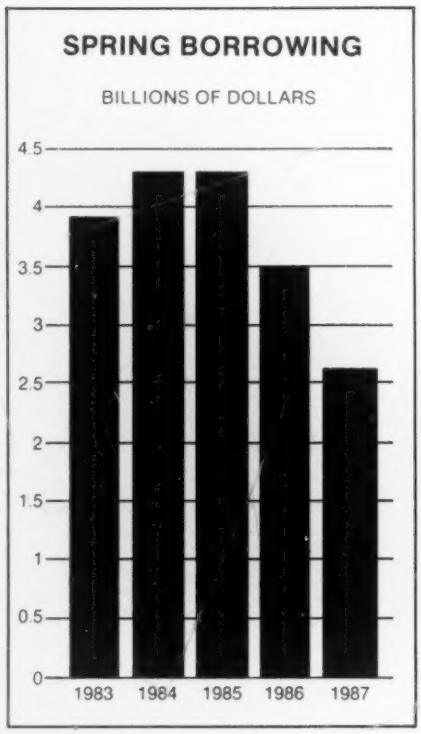
Budgetary Process

The State Constitution requires the Governor to submit a cash basis balanced Executive Budget which contains a complete plan of expenditures for the ensuing fiscal year and identifies the anticipated monies and revenues sufficient to meet the proposed expenditures. Included in the proposed budget are provisions for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes both cash basis and GAAP basis financial plans for the ensuing fiscal year as well as a five year financial projection for governmental funds and a five year capital plan. The accounting policies used in developing the GAAP basis financial plans are generally consistent with those used in preparing the annual GAAP financial statements.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved. The

Legislature may also enact a supplemental appropriation bill and numerous other appropriation bills as it deems necessary. Once approved by the Governor the appropriation and revenue bills become law, and the cash basis and the GAAP basis financial plans are revised to reflect legislative actions. Generally, the financial plans are updated quarterly and the Governor is required to report to the Legislature showing a comparison of the actual year to date results with the revised plans and providing an explanation of any major deviations or significant changes to the financial plans.

Budgetary control is maintained at the program level by the encumbrance of estimated purchase amounts prior to the release of purchase orders and contracts to vendors. Purchase orders that would result in an overrun of available balances are not released until budget revisions are approved or additional appropriations are made. Outstanding encumbrances are reported as reservations of fund balances at year end.



The Reporting Entity and Its Services

The funds and entities included in our Comprehensive Annual Financial Report are controlled by or dependent on the State. Determination of "controlled by or dependent on" is based on criteria prescribed by the Governmental Accounting Standards Board, for defining the financial reporting entity. The criteria deals with the selection of the governing authority, designation of management, scope of public service and the ability to significantly influence operations. Based on these criteria the various funds, account groups and entities shown in this report are considered to be part of the reporting entity.

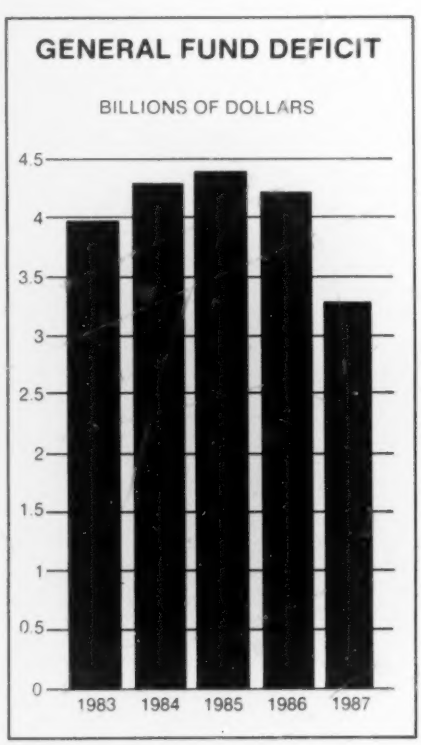
The State provides a comprehensive range of governmental services in the areas of education, social services, health and environmental services, transportation, mental health, housing and urban renewal, among others and also administers the State's two major retirement systems.

General Governmental Functions

The State completed its fiscal year ended March 31, 1987 with a combined governmental funds operating surplus of $1.971 billion as compared to a combined governmental funds operating surplus for the preceding fiscal year of $301 million. The combined 1986-87 operating surplus of $1.971 billion included operating surpluses in the General Fund of $1.001 billion, Special Revenue Funds of $257 million, Debt Service Funds of $475 million, and the Capital Projects Funds of $238 million. The 1985-86 operating surplus of $301 million included operating surpluses in the General Fund of $156 million, Special Revenue Funds of $170 million, Debt Service Funds of $67 million, offset by an operating deficit in the Capital Projects Funds of $92 million.

The State's financial position as shown in its Combined Balance Sheet as of March 31, 1987 includes an accumulated deficit in its governmental funds of $1.153 billion represented by liabilities of $10.874 billion and assets of $9.721 billion available to liquidate such liabilities. The accumulated governmental funds deficit includes a $3.279 billion accumulated General Fund deficit, consisting of the $4.280 billion accumulated deficit at April 1, 1986 reduced by the $1.001 billion operating surplus in the General Fund for fiscal 1987.

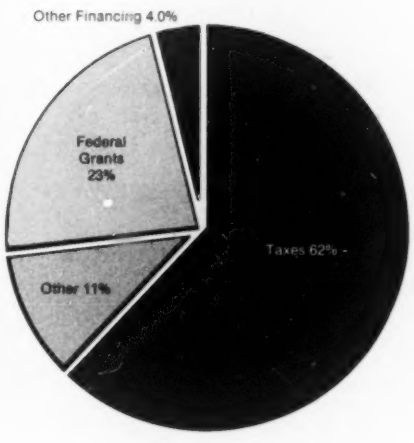
Revenues and other financing sources of the general governmental functions totaled $40.396 billion, an increase of $4.689 billion (13.13%) over the previous year. The revenues from various sources, per Exhibit B, and the change from the previous year are shown in the following tabulation (amounts in thousands):



Revenues and Other Financing Sources

	1987	1986	Increase/(Decrease) Over 1986 Actual Amount	Percent
REVENUES:				
Taxes:				
Personal income	$ 13,074,740	$ 11,506,741	$ 1,567,999	13.63
General business	3,768,618	3,305,952	462,666	13.99
Consumption and use	6,668,593	6,326,853	341,740	5.40
Other	1,518,308	1,115,309	402,999	36.13
Subtotal	25,030,259	22,254,855	2,775,404	12.47
Federal grants	9,435,725	8,999,200	436,525	4.85
Other:				
Lottery	1,383,196	1,245,384	137,812	11.07
Tuition and fees	676,296	659,136	17,160	2.60
Patient fees	580,885	510,600	70,285	13.77
Miscellaneous	1,662,411	1,383,008	279,403	20.20
Subtotal	4,302,788	3,798,128	504,660	13.29
Total revenues	38,768,772	35,052,183	3,716,589	10.60
OTHER FINANCING SOURCES	1,627,449	654,658	972,791	148.60
Total revenues and other financing sources	**$ 40,396,221**	**$ 35,706,841**	**$ 4,689,380**	**13.13**

REVENUES — 1987



Increases in revenues were highlighted by:

- Increases in tax revenues of $2.775 billion. Personal income taxes accounted for $1.568 billion which was due primarily to an increase in personal tax liability brought about by higher wages and the realization of capital gains. General Business tax increases of $463 million were partly attributed to an increase of $203 million of taxes levied on the banking industry. Consumption and Use taxes increased by $342 million due to increased sales brought about, in part, by the changes in the Federal tax law.
- Other financing sources increases of $973 million. This is due primarily to the issuance of $405 million of general obligation refunding bonds to redeem an equal amount of bonds outstanding with higher interest rates, and an operating transfer from the State Insurance Fund of $325 million, which represents excess funds over their reserve requirements.

Expenditures for governmental purposes totaled $38.425 billion in fiscal 1987, which represents an increase of $3.019 billion (8.53%) over expenditures in fiscal 1986. Changes in expenditures by function from fiscal 1986 levels are presented in the following tabulation (amounts in thousands):

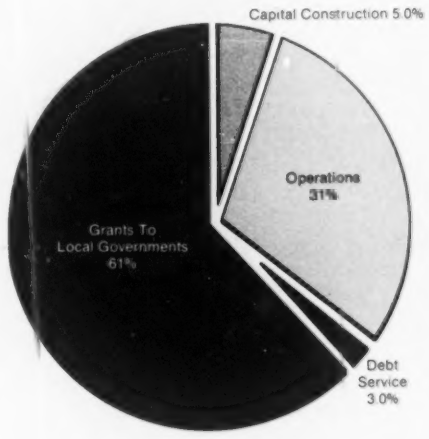
Expenditures

	1987	1986	Increase/(Decrease) Over 1986 Actual Amount	Percent
Grants to Local Governments:				
Education	$ 8,481,272	$ 7,728,679	$ 752,593	9.74
Social services	10,819,934	9,807,259	1,012,675	10.33
Non-categorical aid	1,195,653	1,150,035	45,618	3.97
Health and environmental	422,858	377,990	44,868	11.87
Transportation	1,011,962	983,262	28,700	2.92
Mental hygiene	599,943	502,311	97,632	19.44
Criminal justice	161,050	163,047	(1,997)	(1.22)
Other programs	697,769	692,757	5,012	.72
Subtotal	23,390,441	21,405,340	1,985,101	9.27
Operations of State Government	11,950,690	11,165,572	785,118	7.03
Debt service and financing agreements	1,335,163	1,314,612	20,551	1.56
Capital outlays	1,748,869	1,520,584	228,285	1.50
Total expenditures	**$ 38,425,163**	**$ 35,406,108**	**$ 3,019,055**	**8.53**

The major increases in expenditures included:

- $1 billion increase in social service programs reflecting the final year phase-in of the long term care takeover, increases in supplemental home energy allowance, increase in benefit levels for resident adult care facility residents and increases in various support programs.
- $785 million increase in operations of State Government due to increases in personal service and fringe benefit costs resulting from negotiated pay increases and increases in the State workforce. Increased costs relating to other than personal service reflects the growth of State agency programs.
- $753 million increase for education represents aid for elementary, secondary, and higher education for the general support of public schools. The Education Accumulation Reserve Account was increased by $240 million.

EXPENDITURES — 1987



Debt Administration and Other Financing Arrangements

There are a number of methods by which the State may incur debt. The State may issue general obligation bonds authorized by the voters and notes in anticipation of such bonds. The State, with voter approval, may also directly guarantee certain Authority obligations. Payments for debt service on State general obligations and State-guaranteed bonds or notes are legally enforceable obligations of the State. The State has never been called upon to make any direct payments pursuant to its guarantee.

The State has also entered into lease/purchase agreements and other financing arrangements with several public benefit corporations and municipalities. In addition, the State has entered into various arrangements for the refinancing and purchase of equipment through the issuance of certificates of participation.

Bonds Payable and Short-Term Financing

The State's general obligation bonds are rated A+ by Standard and Poor's Corporation and A1 by Moody's Investors Service. The State had approximately $3.755 billion in general obligation bonds outstanding at year-end. During the year the State issued $436 million in general obligation bonds and redeemed $261 million. The total amount of general obligation bonded debt authorized but not yet issued at year-end is $2.930 billion.

Bond anticipation notes payable decreased by $25 million resulting in a year-end balance of $130 million. The bond anticipation notes were issued, in the form of commercial paper, at an interest rate of 3.4% to 4.5%.

The State annually issues tax and revenue anticipation notes (TRANS) at the inception of each fiscal year. In April 1986 the State issued an aggregate amount of $3,500 billion which were repaid by March 1987. In April 1987 the State issued TRANS in the amount of $2,600 billion which mature on March 31, 1988.

The Public Benefit Corporations (PBC's) had approximately $21.279 billion in bonds payable and short-term debt outstanding at year end. For further information regarding PBC debt refer to Note 15 of the Notes to Financial Statements.

Obligations under Lease/Purchase and Other Financing Agreements

The State has entered into lease/purchase agreements with selected public benefit corporations and municipalities for certain of its capital facilities. Under the agreements, construction costs are initially paid from appropriations and repaid to the State from proceeds of bond issues.

The State also enters into other financing arrangements with several public benefit corporations. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by the entity. The public benefit corporations will generally retain title to the assets acquired with the bond proceeds.

At year end the State had long-term obligations of $6.935 billion under lease/purchase and other financing agreements, an increase of $756 million from fiscal 1986.

Fiduciary Fund Type

The Fiduciary Fund Type includes Trust and Agency Funds and the State administered retirement systems. Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations and other governments. The Trust and Agency Funds reported a year end fund balance of $3.252 billion as compared to the previous year end of $2.793 billion.

The two major State administered retirement systems covering State employees and local government employees, outside of New York City, reported combined net assets available for retirement benefits of $38.240 billion as compared to the previous year end amount of $33.068 billion. For further information refer to Note 14 of the Notes to Financial Statements.

Public Benefit Corporations

Public Benefit Corporations (PBC's), which includes Public Authorities, are legally separate entities that are not operating departments of the State. PBC's have been established for a variety of purposes for the benefit of the State's residents such as economic development, capital construction, financing and public transportation. The powers of the PBC's generally are vested in their governing boards. The Governor, with the approval of the State Senate, appoints the members of the Board of most major PBC's and either the Governor or the Board selects the chairman and chief operating officer. PBC's are not subject to the State constitutional restrictions on the incurrence of debt which apply to the State and may issue bonds and notes within legislatively authorized amounts.

PBC's submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditor's report. PBC's are generally supported by revenues derived from their activities, although in recent years the State has

provided special financial assistance, in some cases of a recurring nature, to certain PBC's for operating and other expenses, and in fulfillment of its commitments on moral obligation indebtedness. In accordance with the current standards of the Governmental Accounting Standards Board the PBC's have been presented as the Proprietary Fund Type in this report. The amounts presented in this report were derived from the PBC's most recent financial statements. At year end these entities reflected a combined equity of $7.504 billion. For further information refer to Note 15 of the Notes to Financial Statements.

Cash Management

Cash deposits into the State Treasury are controlled jointly by the State Comptroller and Commissioner of Taxation and Finance. Cash is managed in pooled investment funds to maximize interest earnings. Investments are made in accordance with the State Finance Law. Cash is primarily invested in repurchase agreements involving United States Treasury obligations and remaining funds are invested in United States Treasury bills. For the fiscal year ended March 31, 1987 the average daily balance of pooled investment funds was $2.811 billion with an average yield of 6.27% and total investment income of $176.1 million. Cash deposits not held in the State Treasury and controlled by various State officials are generally held in interest bearing accounts.

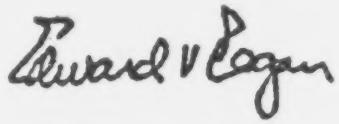
General Fixed Assets

The general fixed assets of the State are those fixed assets used in the performance of general governmental functions. They do not include the fixed assets of the PBC's. Currently the State, in conjunction with a consultant, is in the process of developing a Fixed Asset Reporting System. The system should be fully implemented by fiscal 1987-88 and will be established in accordance with GAAP. Infrastructure (e.g. highways and bridges) will not be included in the Fixed Asset Reporting System.

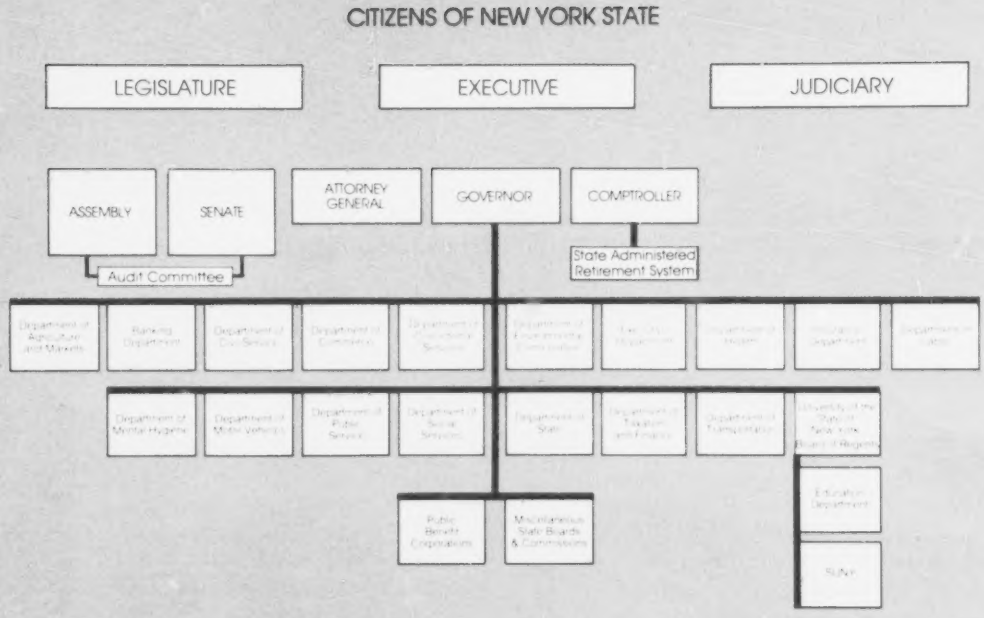
Conclusion

This report continues my commitment to comprehensive disclosure and progressive leadership in financial reporting. It also shows the progress that has been made in reducing spring borrowing requirements and the General Fund accumulated deficit. I will continue to speak out in support of fiscal reform until our goals are achieved by reducing the accumulated deficit and short-term debt of the State.

This report could not have been prepared without the cooperation of all State agencies, the Legislature, and the Judiciary. I especially appreciate the professionalism and dedication demonstrated by my staff in the preparation of this report.



EDWARD V. REGAN
State Comptroller



STATE OF NEW YORK

Selected State Officials

Executive

Mario M. Cuomo, Governor
Stanley Lundine, Lieutenant Governor
Edward V. Regan, Comptroller
Robert Abrams, Attorney General

Judicial

Sol Wachtler, Chief Judge
Court of Appeals of New York

Legislative

Warren M. Anderson, Temporary President of the Senate
Melvin H. Miller, Speaker of the Assembly
Manfred Ohrenstein, Senate Minority Leader
Clarence D. Rappleyea, Assembly Minority Leader

Financial Section

Statue of Liberty — NYS Dept. of Commerce

Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
74 North Pearl Street
Albany, NY 12207

The Audit Committee of the
New York State Legislature:

We have examined the general purpose financial statements (Exhibits A through E, inclusive) of the State of New York as of and for the year ended March 31, 1987. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain entities, which statements reflect total assets and revenues constituting 67% and 85% of the assets and revenues, respectively, of the Public Benefit Corporations; nor did we examine the financial statements of the entities comprising the State Administered Retirement Systems. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

As described in note 1 (f), the General Fixed Assets Account Group included in the general purpose financial statements referred to above does not reflect all of the general fixed assets required to be recorded by generally accepted accounting principles.

In our opinion, based upon our examination and the reports of other auditors, except for the effect of the matter discussed in the preceding paragraph, the general purpose financial statements present fairly the financial position of the State of New York at March 31, 1987 and the results of its operations and the changes in financial position of the Nonexpendable Trust Funds, State Administered Retirement Systems and Public Benefit Corporations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the definition of the reporting entity as described in note 14 to the financial statements.

July 22, 1987

Peat Marwick Main & Co.

Member Firm of
Klynveld Peat Marwick Goerdeler

Niagara Falls — NYS Dept. of Commerce

General Purpose Financial Statements

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 1987
(Amounts in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS:				
Cash and marketable securities	$ 1,084,206	$ 674,323	$ 1,092,885	$ 386,171
Retirement systems investments	—	—	—	
Receivables, net of allowances for uncollectibles:				
Taxes	3,927,112	49,239	—	—
Due from Federal government	—	1,402,944	—	100,131
Loans and leases	—	—	—	—
Other	293,070	33,251	297,944	39,088
Due from other funds	149,309	42,232	18,874	507
Marketable securities held in lieu of retainage	—	—	—	46,265
Fixed assets	—	—	—	—
Other assets	79,568	4,108	—	—
Assets available for future debt service	—	—	—	—
Resources to be provided for retirement of general long-term obligations	—	—	—	—
Total assets	**$ 5,533,265**	**$ 2,206,097**	**$ 1,409,703**	**$ 572,162**
LIABILITIES:				
Tax refunds payable	$ 3,040,512	$ 8,459	$ —	$ —
Payable to local governments	3,517,546	418,815	—	—
Pension contributions payable	518,003	—	—	—
Accounts payable	235,602	53,206	1,168	292,075
Accrued liabilities	1,289,451	892,295	—	1,853
Due to other funds	92,215	102,313	10,844	40,244
Deferred revenues	119,156	1,268	100,381	8,884
Notes payable	—	—	—	130,010
Bonds payable	—	—	—	—
Obligations under lease/purchase and other financing agreements	—	—	—	—
Other long-term liabilities	—	—	—	—
Total liabilities	**8,812,485**	**1,476,356**	**112,393**	**473,066**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	394,824	75,208	—	2,101,594
Unemployment benefits	—	—	—	—
Debt service	—	—	818,318	—
Tax stabilization	201,373	—	—	—
Education accumulation	431,400	—	—	—
Other specified purposes	66,861	—	—	37,373
Unreserved:				
Designated	—	654,533	478,992	—
Undesignated	(4,373,678)	—	—	(2,039,871)
Investment in general fixed assets	—	—	—	—
Net retirement systems assets available for benefits	—	—	—	—
Equity of public benefit corporations	—	—	—	—
Total equity (deficit)	**(3,279,220)**	**729,741**	**1,297,310**	**99,096**
Commitments and contingencies				
Total liabilities and equity	**$ 5,533,265**	**$ 2,206,097**	**$ 1,409,703**	**$ 572,162**

See accompanying notes to financial statements.

EXHIBIT A

Account Groups		Fiduciary Fund Types		Proprietary Fund Type
General Fixed Assets	General Long-term Obligations	Trust and Agency	State Administered Retirement Systems	Public Benefit Corporations
$ —	$ —	$ 5,331,553	$ —	$ 13,699,695
—	—	—	35,621,792	—
—	—	727,146	—	—
—	—	47,909	—	62
—	—	—	—	9,966,018
—	—	237,697	3,162,072	1,103,192
—	—	73,153	—	—
—	—	—	—	—
4,698,920	—	—	—	10,912,979
—	—	92	7,223	775,993
—	1,297,310	—	—	—
—	11,913,900	—	—	—
$ 4,698,920	**$ 13,211,210**	**$ 6,417,550**	**$ 38,791,087**	**$ 36,457,939**
$ —	$ —	$ —	$ —	$ —
—	—	1,198,793	—	—
—	720,323	—	—	1,495,636
—	—	77,708	—	209,528
—	—	1,816,270	551,162	4,251,720
—	—	38,459	—	—
—	—	34,328	—	539,505
—	—	—	—	323,415
—	3,754,662	—	—	20,955,815
—	6,934,594	—	—	—
—	1,801,631	—	—	1,178,697
—	**13,211,210**	**3,165,558**	**551,162**	**28,954,316**
—	—	—	—	—
—	—	2,749,879	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	502,113	—	—
—	—	—	—	—
—	—	—	—	—
4,698,920	—	—	—	—
—	—	—	38,239,925	—
—	—	—	—	7,503,623
4,698,920	**—**	**3,251,992**	**38,239,925**	**7,503,623**
$ 4,698,920	**$ 13,211,210**	**$ 6,417,550**	**$ 38,791,087**	**$ 36,457,939**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Year Ended March 31, 1987
(Amounts in thousands)

	Governmental		
	General	Special Revenue	Debt Service
REVENUES:			
Taxes:			
Personal income	$ 13,074,740	$ —	$ —
General business	3,283,365	485,253	—
Consumption and use	6,438,691	199,484	30,418
Unemployment	—	—	—
Other	1,518,308	—	—
Federal grants	62,167	8,717,716	13,766
Lottery	—	1,383,196	—
Tuition and fees	—	—	676,296
Patient fees	—	—	580,885
Miscellaneous	1,375,875	125,228	125,673
Total revenues	**25,753,146**	**10,910,877**	**1,427,038**
EXPENDITURES:			
Grants to local governments:			
Education	7,122,925	1,353,685	—
Social services	4,914,349	5,905,585	—
Non-categorical aid	1,195,653	—	—
Health and environmental	181,520	163,100	—
Transportation	407,697	547,845	—
Mental hygiene	542,485	34,416	—
Criminal justice	153,985	7,065	—
Other programs	387,428	295,171	—
Operation of state departments and agencies:			
Personal service costs	6,324,231	362,713	—
Non-personal service costs	2,404,828	1,048,209	—
Pension contribution	540,971	42,708	—
Other fringe benefits	1,161,075	65,955	—
Debt service, including payments on financing agreements	151,710	—	1,183,453
Capital construction	—	—	—
Unemployment benefits	—	—	—
Total expenditures	**25,488,857**	**9,826,452**	**1,183,453**
Excess (deficiency) of revenues over expenditures	**264,289**	**1,084,425**	**243,585**
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	2,175,946	4,322	1,581,426
Operating transfers to other funds	(1,438,754)	(832,190)	(1,754,283)
Proceeds of general obligation bonds	—	—	—
Proceeds from financing agreements	—	—	404,690
Net other financing sources (uses)	**737,192**	**(827,868)**	**231,833**
Excess of revenues and other financing sources over expenditures and other financing uses	1,001,481	256,557	475,418
Fund balances (deficits) at April 1, 1986	(4,280,701)	473,184	821,892
Fund balances (deficits) at March 31, 1987	**$ (3,279,220)**	**$ 729,741**	**$ 1,297,310**

See accompanying notes to financial statements.

EXHIBIT B

Fund Types		Fiduciary Fund Type
Capital Projects	Total (Memorandum Only)	Expendable Trust
$ —	$ 13,074,740	$ —
—	3,768,618	—
—	6,668,593	—
—	—	1,463,849
—	1,518,308	—
642,076	9,435,725	19,935
—	1,383,196	—
—	676,296	—
—	580,885	—
35,635	1,662,411	250,729
677,711	**38,768,772**	**1,734,513**
4,662	8,481,272	—
—	10,819,934	—
—	1,195,653	—
78,238	422,858	—
56,420	1,011,962	—
23,042	599,943	—
—	161,050	—
15,170	697,769	3,557
—	6,686,944	2,188
—	3,453,037	77,559
—	583,679	—
—	1,227,030	583
—	1,335,163	—
1,748,869	1,748,869	—
—	—	1,210,896
1,926,401	**38,425,163**	**1,294,783**
(1,248,690)	**343,609**	**439,730**
711,480	4,473,174	—
(122,947)	(4,148,174)	—
436,000	436,000	—
461,759	866,449	—
1,486,292	**1,627,449**	**—**
237,602	1,971,058	439,730
(138,506)	(3,124,131)	2,511,893
$ 99,096	**$ (1,153,073)**	**$ 2,951,623**

Combined Statement of Cash Receipts and Disbursements

BUDGETARY BASIS—FINANCIAL PLAN AND ACTUAL
GOVERNMENTAL FUND TYPES
Year Ended March 31, 1987
(Amounts in thousands)

	General			Special Revenue		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 23,301,000	$ 23,415,400	$ 114,400	$ 660,000	$ 672,900	$ 12,900
Miscellaneous	1,197,000	1,213,700	16,700	1,691,000	1,636,100	(54,900)
Federal grants	79,000	58,800	(20,200)	8,462,000	8,641,700	179,700
Total receipts	**24,577,000**	**24,687,900**	**110,900**	**10,813,000**	**10,950,700**	**137,700**
DISBURSEMENTS:						
Grants to local governments	15,348,000	15,338,600	9,400	8,224,000	8,447,700	(223,700)
Departmental operations	6,178,000	6,229,100	(51,100)	2,690,000	2,589,900	100,100
General state charges	1,723,000	1,733,300	(10,300)	188,000	167,900	20,100
Debt service	153,000	151,700	1,300	—	—	—
Capital projects	—	—	—	21,000	4,700	16,300
Total disbursements	**23,402,000**	**23,452,700**	**(50,700)**	**11,123,000**	**11,210,200**	**(87,200)**
Receipts over (under) disbursements	**1,175,000**	**1,235,200**	**60,200**	**(310,000)**	**(259,500)**	**50,500**
OTHER FINANCING SOURCES (USES):						
Bond proceeds, net	—	—	—	—	—	—
Transfers from other funds	159,200	161,100	1,900	1,646,000	1,641,900	(4,100)
Transfers to other funds	(1,318,000)	(1,379,900)	(61,900)	(896,000)	(924,000)	(28,000)
Net other financing sources (uses)	**(1,158,800)**	**(1,218,800)**	**(60,000)**	**750,000**	**717,900**	**(32,100)**
Receipts and other financing sources over (under) disbursements and other financing uses	16,200	16,400	200	440,000	458,400	18,400
Fund balances at April 1, 1986	152,600	152,600	—	617,400	617,400	—
Fund balances at March 31, 1987	**$ 168,800**	**$ 169,000**	**$ 200**	**$ 1,057,400**	**$ 1,075,800**	**$ 18,400**

See accompanying notes to financial statements.

EXHIBIT C

Debt Service			Capital Projects		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 30,000	$ 30,400	$ 400	$ —	$ —	$ —
1,139,000	1,180,400	41,400	205,000	158,100	(46,900)
12,000	13,800	1,800	621,000	619,800	(1,200)
1,181,000	**1,224,600**	**43,600**	**826,000**	**777,900**	**(48,100)**
—	—	—	—	—	—
—	—	—	5,000	3,700	1,300
—	—	—	—	500	(500)
947,000	944,000	3,000	—	—	—
—	—	—	1,860,000	1,816,600	43,400
947,000	**944,000**	**3,000**	**1,865,000**	**1,820,800**	**44,200**
234,000	**280,600**	**46,600**	**(1,039,000)**	**(1,042,900)**	**(3,900)**
—	—	—	455,000	410,800	(44,200)
1,378,000	1,346,200	(31,800)	651,000	734,500	83,500
(1,648,000)	(1,594,400)	53,600	—	(6,900)	(6,900)
(270,000)	**(248,200)**	**21,800**	**1,106,000**	**1,138,400**	**32,400**
(36,000)	32,400	68,400	67,000	95,500	28,500
170,900	170,900	—	130,200	130,200	—
$ 134,900	**$ 203,300**	**$ 68,400**	**$ 197,200**	**$ 225,700**	**$ 28,500**

Combined Statement of Revenues, Expenses and Changes in Equity

EXHIBIT D

NONEXPENDABLE TRUST FUNDS,
STATE ADMINISTERED RETIREMENT SYSTEMS
AND PUBLIC BENEFIT CORPORATIONS
Year Ended March 31, 1987
(Amounts in thousands)

	Fiduciary Fund Types		Proprietary Fund Type
	Nonexpendable Trust	State Administered Retirement Systems	Public Benefit Corporations
REVENUES:			
Charges for services	$ —	$ —	$ 4,484,605
Financing income	—	—	1,210,463
Investment earnings	—	5,186,802	846,256
Contributions to pension plans	—	1,345,306	—
State subsidies and grants	—	—	880,896
City/county subsidies and grants	—	—	1,021,575
Federal grants	1,518	—	329,924
Miscellaneous	34,483	—	271,674
Total revenues	**36,001**	**6,532,108**	**9,045,393**
EXPENSES:			
Operations	16,717	34,408	6,460,714
Depreciation and amortization	—	—	384,176
Interest	—	—	1,705,038
Retirement benefits	—	1,325,781	—
Total expenses	**16,717**	**1,360,189**	**8,549,928**
Excess of revenues over expenses	19,284	5,171,919	495,465
Equity at beginning of year, as restated	281,085	33,068,006	6,204,372
Other equity changes	—	—	803,786
Equity at end of year	**$ 300,369**	**$38,239,925**	**$ 7,503,623**

See accompanying notes to financial statements.

Combined Statement of Changes in Financial Position

EXHIBIT E

NONEXPENDABLE TRUST FUNDS,
STATE ADMINISTERED RETIREMENT SYSTEMS
AND PUBLIC BENEFIT CORPORATIONS

Year Ended March 31, 1987
(Amounts in thousands)

	Fiduciary Fund Types		Proprietary Fund Type
	Nonexpendable Trust	State Administered Retirement Systems	Public Benefit Corporations
SOURCES OF CASH AND MARKETABLE SECURITIES:			
Operations:			
Excess of revenues over expenses	$ 19,284	$ 5,171,919	$ 495,465
Items not requiring (providing) cash and marketable securities:			
Depreciation and amortization	—	—	384,176
Other	—	—	(63,559)
Total sources of cash and marketable securities from operations	**19,284**	**5,171,919**	**816,082**
Proceeds from issuance of bonds	—	—	6,638,469
Proceeds from issuance of notes	—	—	33,188
Principal collections on loans and leases receivables	—	—	847,889
Capital contributions	—	—	866,896
Increase in accounts payable	972	—	—
Increase in pension contributions payable	—	—	78,781
Increase in accrued liabilities	7	261,382	21,011
Increase in deferred revenues	—	—	50,434
Proceeds from other long-term liabilities	—	—	125,134
Decrease in other receivables	—	320,996	—
Decrease in due from other funds	533	—	—
Decrease in other assets	—	85,881	—
Other	—	—	478,208
Total cash and marketable securities provided	**20,796**	**5,840,178**	**9,956,092**
USES OF CASH AND MARKETABLE SECURITIES:			
Acquisition of fixed assets	—	—	1,950,291
Repayment of bonds	—	—	3,603,193
Repayment of notes	—	—	115,264
Repayment of other long-term liabilities	—	—	67,178
Decrease in accounts payable	—	—	52,015
Decrease in due to other funds	9	—	—
Loans and leases receivable advanced	—	—	1,656,562
Increase in other receivables	7,704	—	101,059
Increase in other assets	—	—	93,280
Net increase in investments	—	6,520,100	—
Other	—	—	222,752
Total cash and marketable securities used	**7,713**	**6,520,100**	**7,861,594**
Net increase (decrease) in cash and marketable securities	13,083	(679,922)	2,094,498
Cash and marketable securities at beginning of year	167,487	679,922	11,605,197
Cash and marketable securities at end of year	**$ 180,570**	**$ —**	**$ 13,699,695**

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1987

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

The general purpose financial statements include all funds and account groups of the State of New York (the "State") as well as agencies, boards, commissions, public benefit corporations and other organizational entities for which the State has oversight responsibility, and are consequently determined to be includable in the State's financial reporting entity.

The general purpose financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the State Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

The State records its transactions in the fund types and account groups described below. Transactions between funds within a fund type, if any, have been eliminated.

Governmental Fund Types:

General—is the general operating fund of the State and is used to account for all financial transactions except those required to be accounted for in another fund. The routine operations of the State University of New York (SUNY) and of the senior colleges of the City University of New York (CUNY) are included in the General Fund (CUNY based on its June 30, 1986 fiscal year).

Special Revenue—is used to account for the proceeds of specific revenue sources (other than debt service, expendable trust or major capital projects) such as Federal grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either the State Legislature or outside parties.

Debt Service—is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term obligations. Debt service related activities of the SUNY and CUNY Construction Funds and the Facilities Development Corporation are included in the Debt Service Funds. (CUNY Construction Fund is based on its June 30, 1986 fiscal year).

Capital Projects—is used to account for the financial resources used for acquisition or construction of major state-owned capital facilities and for capital assistance grants to local governments.

Account Groups:

General Fixed Assets Account Group—is used to account for general fixed assets of the State exclusive of assets held by public benefit corporations.

General Long-term Obligations Account Group—is used to account for long-term obligations of the State including bonds, obligations under lease/purchase and other financing agreements, certain pension contributions and other long-term obligations exclusive of liabilities of public benefit corporations.

Fiduciary Fund Types:

Trust and Agency—includes Expendable and Nonexpendable Trust Funds and Agency Funds and are used to account for assets held by the State in a trustee capacity (e.g. endowments and student loans) or as an agent for individuals, private organizations and other governments.

State Administered Retirement Systems—presents the two State administered retirement systems for which the State has oversight responsibility. The accounts of these systems are derived from annual financial statements as follows:

System	Year End
Employees' Retirement System	March 31, 1987
Policemen's and Firemen's Retirement System	March 31, 1987

The Teacher's Retirement System is not included in the general purpose financial statements because the extent of the State's oversight responsibility (as determined by GAAP) is not sufficient to warrant inclusion. Additional information about each of the systems is provided in Note 14.

Proprietary Fund Type—Public Benefit Corporations:

The accounts of public benefit corporations, public authorities, private not-for-profit corporations and similar entities (hereinafter called public benefit corporations) in the accompanying general purpose financial statements are derived from the most recently issued annual financial statements and are presented as the Proprietary Fund Type. The inclusion of these entities in the State's general purpose financial statements reflects the oversight role exercised by the State, but does not affect their separate legal standing. Oversight is defined to include criteria such as appointment of the board, designation of management, scope of public service and the ability to significantly influence operations.

The State has oversight responsibility for one authority, the Municipal Assistance Corporation for the City of New York, that is not included in the general purpose financial

statements. It is excluded because it is considered an integral part of the financing of the City of New York.

Additional information about public benefit corporations, including an explanation of the entities included and the basis of accounting, is provided in Note 15.

b. Basis of Accounting

Governmental Fund Types and Expendable Trust Funds are accounted for on the modified accrual basis of accounting. Revenues (receivables) are recorded in the accounting period that they become both measurable and available. Tax revenues are recorded by the State as taxpayers earn income (personal income, general business and other taxes), as sales are made (consumption and use taxes) and as cash is received (miscellaneous taxes); net of estimated overpayments (refunds). Receivables not expected to be collected within the next 12 months are recorded as deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, except for vacation leave and interest on general long-term obligations which are recorded when paid and certain pension contributions. The portion of the liabilities which are expected to be paid beyond 12 months is recorded in the General Long-term Obligations Account Group except for certain pension contributions which are being paid over the next 16 years (as explained further in Note 14).

Nonexpendable Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis.

c. Cash and Marketable Securities

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally-stipulated investments which are reported at cost which approximates market value. Included in cash and marketable securities are non-interest bearing compensating balances of $223.5 million. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest bearing accounts or other legally-stipulated investments (see Note 2).

d. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. Taxes receivable represent amounts owed by taxpayers related to the 1986 calendar year and the first quarter of the 1987 calendar year, including assessments for underpayments, penalties and interest. Due from Federal government represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. Other receivables represent amounts owed to the State, including lottery revenues, patient and tuition fees, and student loans.

e. Marketable Securities Held in Lieu of Retainage

The State Comptroller is authorized to accept and hold certain securities from contractors as collateral in lieu of retainage. These securities are recorded at market value and are held in trust by the State Comptroller until satisfactory completion of the contract. Interest earned on these securities accrues to the contractors.

f. Fixed Assets

The State owns extensive fixed assets, consisting of: (1) land in urban centers, rural areas, and forest preserves; (2) buildings which house State offices, hospitals and educational facilities; and (3) equipment used in construction work, hospitals, offices, etc. Fixed assets in the General Fixed Assets Account Group are reported at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The amounts recorded in the General Fixed Assets Account Group reflect those assets for which historical cost data has been maintained or developed. The amounts presented are not intended to represent all of the State's general fixed assets. General fixed assets are not depreciated. The State's infrastructure (e.g. roads, bridges, dams, sidewalks, etc.) are not presented in the general purpose financial statements except for those recorded by public benefit corporations (see Note 15).

g. Tax Refunds Payable

Tax refunds payable represent amounts owed to taxpayers related to the 1986 calendar year and the first quarter of the 1987 calendar year. These amounts are recorded as a reduction of tax revenues.

h. Long-term Obligations

The liabilities reported in the General Long-term Obligations Account Group include the State's general obligation bonds, obligations under lease/purchase and other financing agreements, certain pension contributions and other long-term liabilities including vacation leave, litigation, disallowances, medicaid (State and Federal share), workers' compensation and other health insurance related liabilities pertaining to the governmental funds.

i. Compensated Absences

The State records vacation leave as an expenditure when paid. The estimated accrued liability at March 31, 1987 ($503.8 million) is recognized in the General Long-term Obligations Account Group. Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 40 days. Employees also earn sick leave credits which are recorded as an expenditure when paid. Such credits generally do not vest, accordingly, the estimated contingent liability of $1,382 million is not reported in the accompanying general purpose financial statements.

j. Lease Accounting

The construction of certain State office buildings, campus facilities, and other public facilities has been financed through bonds and notes issued by public benefit corporations or local governments pursuant to lease/purchase agreements with the State (see Note 8).

These lease/purchase contracts are capital leases for which the State's rental payments over the duration of the agreements constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing agreements consists of total future principal payments and equals the outstanding balance of the related bonds and notes.

k. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process in the General Fund, Special Revenue Funds and Capital Projects Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

l. Reserve for Tax Stabilization

Pursuant to law, receipts in excess of disbursements of the Local Assistance and State Purposes Accounts not otherwise appropriated are required to be transferred to the Tax Stabilization Reserve Fund at the end of each fiscal year. These amounts may be borrowed by these two accounts temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end. Generally, these loans must be repaid within six years in no less than three equal annual installments. The amount reported represents cash of $169 million and $32 million of unpaid accumulated borrowings as of March 31, 1987.

m. Reserve for Education Accumulation

For the 1986-87 fiscal year the State appropriated $431.4 million to provide an offset for the increase in accrued aid for education. These funds will be available for payment of accrued education aid during the first quarter of the 1987-88 fiscal year.

n. Designated Fund Balance

The amounts shown as unreserved-designated in the Special Revenue Funds primarily represent equity generated from lottery operations, tax collections earmarked to aid mass transportation authorities and certain Federal revenues, which will be expended upon legislative authorization. The amounts shown as unreserved-designated in the Debt Service Funds substantially represent the accumulation of revenues generated from the operations of certain higher education and mental health and retardation facilities in excess of debt service and rental reserve requirements. A portion of this equity is available for transfer to the General Fund upon legislative authorization.

o. Post-retirement Benefits

In addition to providing pension benefits, the State provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The State recognizes the cost of providing health insurance by recording its share of insurance premiums ($130 million for 80,700 retirees and their dependents) as an expenditure in the General Fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary. During the year $7 million was paid on behalf of 2,528 retirees and recorded as an expenditure in the General Fund.

p. Deferred Compensation

The State and other participating public jurisdictions offer their employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all employees, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are solely the property and rights of the employer, subject only to the claims of the employer's general creditors. Participants' rights under the Plan are equal to those of general creditors of the employer in an amount equal to the fair market value of the deferred account of each participant. The State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use Plan assets to satisfy future claims of general creditors. Of the $113 million in the plan at March 31, 1987 (reported within the Agency Funds), $96 million was applicable to the State while the remaining $17 million represents the assets of the other jurisdictions participating in the plan.

q. Total (Memorandum Only) Column

The total column in Exhibit B is captioned "Total (Memorandum Only)" to indicate that it is presented only to facilitate financial analysis. Data in the column is not the equivalent of consolidated financial information.

Note 2

DEPOSITS AND INVESTMENTS

Custodians are authorized by various statutes to deposit funds in checking accounts or interest bearing accounts including certificates of deposit. Legally authorized investments vary by fund but generally include: obligations of or guaranteed by the United States; obligations of New York State and its political subdivisions; and repurchase agreements.

Information on deposits and investments of Public Benefit Corporations is presented in Note 15 and for the State Administered Retirement Systems in Note 14.

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Bank deposits may be under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance or under the sole custody of a specified State Official. Both the State Comptroller and the Commissioner of Taxation and Finance are also sole custodians of certain accounts. Cash balances not required for immediate use are invested either through a short-term investment pool (STIP) administered by the Comptroller or by the fund custodian.

For demand or checking accounts the State requires that its depository banks pledge collateral based on an average of daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the custodian or the State. The use of average daily available balances to determine collateral requirements results in the available balances being undercollateralized at various times during the fiscal year, including at year end. The State's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system which limits undercollateralization. The additional data required by Governmental Accounting Standards Board Statement No. 3 is not available.

Investments

The State holds investments both for its own benefit and as an agent for other parties. Major investment programs conducted for the direct benefit of the State include STIP which is used for the temporary investment of funds not required for immediate payments, sole custody funds administered by the Department of Taxation and Finance, and funds of the Division of the Lottery.

The following table presents the carrying and market value of investments by type and categorizes the carrying amounts as follows: category 1 are those which are insured or registered, or held by New York State or its agent in the State's name and category 2 are those which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name (amounts in thousands):

	Category		Carrying Amount	Market Value
	1	2		
Repurchase agreements	$ 3,866,518	$ 33,629	$ 3,900,147	$ 3,978,626
Government securities	1,937,478	438,583	2,376,061	2,519,804
Corporate bonds	22,514	—	22,514	24,061
Equity securities	91,113	19,114	110,227	113,742
Other	26,916	130,363	157,279	157,782
	$ 5,944,539	**$ 621,689**	**$ 6,566,228**	**$ 6,794,015**
Investments in mutual funds			19,262	19,262
			$ 6,585,490	**$ 6,813,277**

The State also includes in its financial statements securities which either were not acquired for investment purposes or cannot be categorized. The State Deferred Compensation Plan invests in various mutual funds at the direction of the participants. These investments have a carrying and market value of $113 million at March 31. Employers seeking self-insurer status for worker's compensation purposes may deposit securities specified by Section 235 of the New York State Banking Law with the chairman of the Worker's Compensation Board. The State holds these securities (carrying value $41 million, market value $42 million) only as an agent for the employers. Securities which are unclaimed at financial institutions are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures (see Note 11). These securities have a carrying and market value of $7 million at March 31. The State also holds securities deposited by contractors in lieu of retainage on contract payments (carrying and market value of $43 million).

In addition to the deposits and investments described above, the State has approximately $2 billion on deposit with the United States Government. These funds represent unemployment insurance taxes collected from New York State employers which are transferred daily to the Federal Unemployment Insurance Fund in the U.S. Treasury.

Note 3

TAXES RECEIVABLE

Taxes receivable at March 31, 1987 are summarized as follows (amounts in thousands):

	General	Special Revenue	Trust and Agency
Personal income..	$ 3,050,766	$ —	$ —
General business..	146,664	37,512	—
Consumption and use	472,226	11,727	—
Unemployment ...	—	—	727,146
Other	257,456	—	—
**Total	**$ 3,927,112**	**$ 49,239**	**$ 727,146**

Note 4

OTHER RECEIVABLES

Other receivables at March 31, 1987 are summarized as follows (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
Miscellaneous receivables:					
Lottery	$ —	$ 30,596	$ —	$ —	$ —
Tuition and fees	—	—	23,749	—	—
Patient fees	—	—	535,785	—	—
Student loans	—	—	—	—	150,311
Other	230,959	2,655	17,829	1,715	116,928
	230,959	**33,251**	**577,363**	**1,715**	**267,239**
Allowance for uncollectibles	(4,750)	—	(279,419)	—	(29,542)
	226,209	**33,251**	**297,944**	**1,715**	**237,697**
Appropriated loans:					
Assessments	61,732	—	—	26,397	—
Due from local governments	12,803	—	—	1,617	—
Due from public benefit corporations	44,673	—	—	312,664	—
	119,208	**—**	**—**	**340,678**	**—**
Allowance for uncollectibles	(52,347)	—	—	(303,305)	—
	66,861	**—**	**—**	**37,373**	**—**
**Total	**$ 293,070**	**$ 33,251**	**$ 297,944**	**$ 39,088**	**$ 237,697**

Appropriated loans represent monies appropriated in the form of loans or advances from the General Fund to finance agency or public benefit corporations' operations, or from various Capital Projects Funds to finance construction or debt service of public benefit corporations or local governments. The underlying appropriation bills provide that amounts will be repaid pursuant to repayment agreements with public benefit corporations or local governments. The loans are reported net of estimated uncollectible amounts, and as a reservation of fund balance.

In addition, the State has expended funds for the Urban Development Corporation ($360 million) and the Housing Finance Agency ($40 million) which, although not made as appropriated loans, are nevertheless subject to repayment to the State pursuant to agreement with the State Director of the Budget. Since enforcement of collectibility is uncertain, these amounts are not reported in the accompanying general purpose financial statements.

Note 5

PAYABLE TO LOCAL GOVERNMENTS

a. Governmental Fund Types

At March 31, 1987 the State was liable to various municipalities and school districts for unpaid State aid for education ($2,453 million) and other purposes ($1,483 million). The liability for aid to education represents amounts earned by school districts ratably over the school districts' fiscal year in excess of amounts paid prior to March 31, 1987. This liability was appropriated by the State Legislature for payment during April, May and June of 1987. The need to liquidate this liability within the first three months of the ensuing fiscal year contributes significantly to the State's short-term borrowing needs each Spring (see Note 6).

b. Trust and Agency Funds

At March 31, 1987 the State, in its fiduciary capacity to collect the local share of sales tax revenues and various escrow funds, owed $1,199 million to various local governments.

Note 6

SHORT-TERM FINANCING

Notes, including commercial paper and bond anticipation notes, are issued by the State in anticipation of the proceeds of voter-authorized bond issues. Notes may be issued for a term not exceeding two years. The notes may legally be redeemed only from the proceeds of permanent bonds or reissued notes. Notes outstanding at March 31, 1987 were issued at rates of 3.4% to 4.5% and included $129.9 million of commercial paper.

Changes in notes during the year (not including renewals) were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1986	Issued	Redeemed	Outstanding March 31, 1987
Environmental quality protection—water	$ 37,925	$ —	$ 37,925	$ —
Housing-urban renewal	340	140	340	140
Parks and recreation land acquisition	500	—	500	—
Pure waters	20,060	—	20,060	—
Transportation capital facilities:				
Mass transportation	1,500	—	1,500	—
Aviation	5,910	—	5,910	—
Rebuild New York transportation renewal	89,005	129,870	89,005	129,870
Total	**$ 155,240**	**$130,010**	**$ 155,240**	**$ 130,010**

The State issues tax and revenue anticipation notes in bearer form annually, at the inception of each fiscal year. These notes are issued primarily because the State makes almost one-half of its payments of grants to local govern-

ments and a substantial portion of the personal income tax refunds during the first quarter of the fiscal year while tax and other revenues are received more ratably over the fiscal year.

In April 1987 the State issued such notes in the aggregate amount of $2.6 billion. The notes were issued at an interest rate of 5.35% and are payable on March 31, 1988. The notes are general obligations of the State and have the full faith and credit of the State. The principal and interest will be paid from taxes and miscellaneous revenues of the General Fund. The State Comptroller is required by statute to impound sufficient funds in a separate bank account to pay principal and interest on the notes at maturity. Similarly, tax and revenue anticipation notes of $3.5 billion were issued in April 1986 and repaid by March 31, 1987.

Note 7

BONDS PAYABLE

General obligation bonds are backed by the full faith and credit of the State and must be repaid in equal annual installments beginning not more than one year after issuance of such bonds. Changes for the year were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1986	Issued	Redeemed	Outstanding March 31, 1987
Grade crossing elimination (2.5%-4.0%)	$ 1,900	$ —	$ 1,100	$ 800
Environmental quality protection:				
Air (5.25%-12.5%)	52,100	—	5,020	47,080
Land (5.1%-12.5%)	114,255	93,165	8,220	199,200
Wetlands (5.25%-6.0%)	1,627	—	231	1,396
Water (3.75%-12.5%)	255,628	72,450	14,044	314,034
Higher education (2.0%-6.5%)	96,880	—	5,800	91,080
Highway construction (3.4%-4.2%)	26,300	—	13,150	13,150
Housing:				
Low cost (1.0%-7.0%)	446,764	—	19,054	427,710
Middle income (3.25%-10.0%)	119,274	—	2,022	117,252
Urban renewal (6.0%-10.0%)	8,770	400	475	8,695
Mental health construction (4.75%-6.0%)	7,400	—	4,000	3,400
Outdoor recreation (3.0%-12.5%)	77,315	—	8,840	68,475
Parks and recreation land acquisition (5.0%-12.5%)	8,860	500	930	8,430
Pure waters (2.0%-12.5%)	513,735	38,100	27,600	524,235
Rail preservation (4.5%-12.5%)	177,030	26,285	8,630	194,685
Transportation capital facilities:				
Highways (2.0%-7.0%)	375,250	—	60,250	315,000
Mass transportation (2.0%-12.5%)	655,800	3,000	35,525	623,275
Aviation (3.0%-12.5%)	116,245	27,600	6,375	137,470
Energy conservation through improved transportation (6.0%-12.5%)	391,545	21,000	26,860	385,685
Rebuild New York-transportation renewal:				
Highways, parkways, bridges (5.1%-10.6%)	115,630	87,300	11,920	191,010
Ports, waterways (6.0%-10.6%)	14,600	20,700	1,000	34,300
Rapid transit, rail, aviation (6.0%-10.6%)	2,900	45,500	100	48,300
Total	**$ 3,579,808**	**$436,000**	**$ 261,146**	**$ 3,754,662**

Debt service expenditures related to general obligation bonds during the year were $504 million.

Debt service requirements for general obligation bonds in future years, which are financed by transfers from the General Fund, are as follows (amounts in thousands):

Year	Principal	Interest	Total
1988	$ 282,765	$ 242,648	$ 525,413
1989	267,314	223,539	490,853
1990	260,009	205,402	465,411
1991	252,485	188,036	440,521
1992	236,271	171,768	408,039
Thereafter	2,455,818	1,398,671	3,854,489
Total	**$ 3,754,662**	**$ 2,430,064**	**$ 6,184,726**

The total amount of general obligation bonds authorized but not issued at March 31, 1987 was $2.930 billion.

On August 7, 1986 the State issued $405 million of general obligation refunding bonds with an interest range of 5.90-12.00%. The bonds were issued to effect a crossover refunding through the redemption of an equal amount of certain maturities of existing general obligation bonds with an interest range of 8.00-12.00%. The proceeds of the refunding bonds have been placed in an escrow account to provide for the redemptions which will take place on six specific dates between 1990 and 1992. The State expects to reduce its debt service expenditures by approximately $73 million, having a present value discounted semiannually at a rate of interest equal to the yield of the bonds, of approximately $32 million. Debt service expenditures related to general obligation refunding bonds during the year were $9 million.

Interest on the refunding bonds will be paid from the escrow account until the refunded bonds are redeemed. The proceeds of the issue are reported in the Debt Service Funds as proceeds from financing agreements and a reservation of fund balance. The debt is reported in the General Long-term Obligations Account Group as other long-term liabilities.

Note 8

OBLIGATIONS UNDER LEASE / PURCHASE AND OTHER FINANCING AGREEMENTS

The State has entered into lease/purchase agreements with certain public benefit corporations, municipalities and other entities for various capital facilities. Under these agreements construction costs are initially paid by the State from appropriations (reported as capital construction expenditures in the Capital Projects Funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as proceeds from financing agreements in the Capital Projects Funds). The State becomes the tenant of the facility under a lease/purchase agreement which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with the Metropolitan Transportation Authority ($933 million) and the Urban Development Corporation ($44 million). The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities. The public benefit corporations retain title to the assets acquired with the bond proceeds.

During the year the State entered into various arrangements for the refinancing and purchase of equipment and real property through the issuance of certificates of participation. These certificates are issued through a trustee and the State is responsible for payments to the trustee that approximate the interest and principal payments made by the trustee to the certificate holders. The State maintains custody and use of the equipment and real property. However, title is held by the trustees as security for the certificate holders, until such time as the certificates are fully paid. Proceeds from the issuance of these certificates and the related capital expenditures are accounted for in the same manner as lease/purchase agreements.

Changes for the year were as follows (amounts in thousands):

	Outstanding April 1, 1986	Additions	Payments	Outstanding March 31, 1987
Public Benefit Corporations (see Note 15):				
Housing Finance Agency	$ 2,600,855	$ 127,265	$ 92,845	$ 2,635,275
Dormitory Authority	1,126,045	211,235	31,935	1,305,345
Thruway Authority	161,310	—	6,275	155,035
Triborough Bridge and Tunnel Authority	437,460	—	5,720	431,740
Metropolitan Transportation Authority	882,590	57,310	6,785	933,115
Urban Development Corporation	350,335	230,682	12,450	568,567
Total PBCs	**5,558,595**	**626,492**	**156,010**	**6,029,077**
Other Entities:				
County of Albany	473,010	—	46,130	426,880
Other municipalities	27,900	—	2,915	24,985
Retirement systems	1,045	—	703	342
Total PBCs and other entities	**6,060,550**	**626,492**	**205,758**	**6,481,284**
Certificates of Participation	117,984	354,060	18,734	453,310
Total	**$ 6,178,534**	**$ 980,552**	**$ 224,492**	**$ 6,934,594**

Debt service expenditures for the aforementioned obligations during the year were $670 million. These expenditures are financed primarily by the revenues reported in the Debt Service Funds along with transfers of medicaid monies from the Special Revenue Funds (see Note 9).

Certain of the underlying bond indentures require the maintenance of a rental reserve, usually amounting to one year of debt service. Such amounts ($323 million) are reported as cash of the appropriate Debt Service Fund with a corresponding reservation of fund balance.

Following is a summary of the future minimum rental payments for lease/purchase and contractual obligations financing agreements including interest at 3.25% to 13.75% (amounts in thousands):

Fiscal Year	Principal	Interest	Total
1988	$ 201,435	$ 400,999	$ 602,434
1989	211,917	398,468	610,385
1990	221,741	395,830	617,571
1991	225,412	392,574	617,986
1992	228,875	390,440	619,315
Thereafter	5,391,904	5,704,205	11,096,109
Total	**$ 6,481,284**	**$ 7,682,516**	**$ 14,163,800**

Certain certificate of participation issues require the maintenance of a reserve. These amounts ($60 million) are reported as cash of the appropriate Debt Service Fund with a corresponding reservation of fund balance.

Debt service requirements for certificates of participation, which are financed by transfers from the General Fund, including interest at 3.50% to 8.00%, are as follows (amounts in thousands):

Fiscal Year	Principal	Interest	Total
1988	$ 28,602	$ 28,898	$ 57,500
1989	36,212	27,234	63,446
1990	33,981	25,250	59,231
1991	41,266	23,267	64,533
1992	32,243	20,739	52,982
Thereafter	281,006	173,980	454,986
Total	**$ 453,310**	**$ 299,368**	**$ 752,678**

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year ended March 31, 1987 under such operating leases totaled $208 million and were financed primarily from the General Fund. Following is a summary of the future minimum rental commitments under noncancellable real property and equipment leases with terms exceeding one year (amounts in thousands):

Fiscal Year	
1988	$ 95,235
1989	81,797
1990	73,578
1991	66,858
1992	50,446
Thereafter	93,772
Total	**$ 461,686**

Note 9

INTERFUND TRANSACTIONS

a. Operating Transfers

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund which utilizes them. The more significant transfers include the annual appropriation of General Fund revenues to Capital Projects Funds ($693 million) and to Debt Service Funds ($628 million); and the transfer of excess revenues of Debt Service Funds to the General Fund in support of certain higher education, mental health and retardation expenditures ($1,527 million) and in support of CUNY operations ($149 million). The latter transfers are made after first satisfying debt service and rental reserve requirements. Operating transfers from Special Revenue Funds to Debt Service Funds represent the Federal share of medicaid payments for recipients residing in state-operated mental health and retardation facilities ($718 million) and transfers from Special Revenue Funds to the General Fund represent recovery of costs incurred administering Federal programs ($113 million). Transfers from the Capital Projects Funds ($80 million) and the General Fund ($78 million) to the Debt Service Funds represent the State funding of debt service on obligations incurred for construction of various capital facilities of the Metropolitan Transportation Authority and CUNY, respectively. In addition, a transfer from the State Insurance Fund (SIF), included as a public benefit corporation (see Note 15), to the General Fund ($325 million) represents the excess of reserves over actuarially determined liabilities. Since the SIF is on a calendar fiscal year and the transfer was made in March 1987, the SIF will report the $325 million operating transfer to the General Fund in next year's financial statements. Therefore, operating transfers from other funds exceed operating transfers to other funds by $325 million.

b. Due From/To Other Funds

Interfund receivables and payables generally reflect temporary loans, billings for services provided and recovery of fringe benefits. The Trust and Agency Funds include a $57 million interfund receivable representing the recovery of fringe benefit costs relating primarily to federal funds and various programs of the General Fund. The Special Revenue Funds include an interfund receivable of $34 million, representing the Mass Transit Operating Assistance Fund's share of the Petroleum Tax. The remaining interfund payables in the Special Revenue Funds generally relate to the reimbursement of expenditures initially recorded in the General Fund.

Note 10

BUDGETARY BASIS REPORTING

The State Constitution requires the Governor to submit annually an Executive Budget which contains a complete plan for all funds of expenditures for the ensuing fiscal year and all monies and revenues estimated to be available therefore accompanied by bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget includes a cash basis financial plan which must be in balance, i.e., disbursements must not exceed receipts. It also contains a five year financial projection for governmental funds and a five year capital plan. A GAAP basis financial plan for the ensuing fiscal year is presented for informational purposes.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved or modified. The Legislature may also enact a supplemental appropriation bill and numerous special appropriation bills. When the Legislature convenes in January it generally enacts a deficiency appropriation bill which authorizes additional unforeseen expenditures for the then current fiscal year.

An appropriation is a statutory authorization against which expenditures may be made during a specific fiscal year. An appropriation represents the maximum spending authority and is not a mandate to spend. There are expenditure controls within the State's central accounting system that ensure the maximum spending authority is not exceeded. Generally an appropriation lapses at the end of the fiscal year except for appropriations for which obligations have been incurred, in which case the appropriation lapses the following September 15. The funds to be appropriated are determined in accordance with constitutional and statutory requirements.

Once the appropriation and revenue bills become law, the cash basis and the GAAP basis financial plans are revised by the Governor to reflect legislative actions. The cash basis financial plan serves as the basis for the administration of the State's finances during the fiscal year. Furthermore, the State Comptroller and Director of the Budget must certify that it is in balance to permit the annual issuance of the tax and revenue anticipation notes (see Note 6). Accordingly, the cash basis financial plan is generally considered to be the State's budget and the appropriate plan to present in Exhibit C. The financial plans are updated quarterly by the Governor or more frequently if necessary. The Governor is required to provide a report to the Legislature showing a comparison of the actual year-to-date results with the latest revised plans providing an explanation of any major deviations and any significant changes to the financial plans.

The annual budget cycle normally begins during the summer prior to the commencement of the fiscal year with the State departments developing their budget requests for submission to the Division of the Budget in September. During the Fall, the departmental requests are analyzed by the Division of the Budget, formal budget hearings are held and major policy decisions are made by the Governor. The Executive Branch phase of the process culminates in the submission of the Executive Budget to the Legislature in late January. The Legislative fiscal committees review the Executive Budget, the Legislature holds public hearings and generally the appropriation bills are enacted by April 1.

The following represents a comparison of the State's cash basis financial plan as originally published by the Governor in April 1986 with subsequent modifications by the Governor to reflect changes during the fiscal year (amounts in millions):

	April 1986	Modifications	January 1987
GENERAL			
Receipts:			
Taxes	$ 23,200	$ 101	$ 23,301
Miscellaneous	1,340	(143)	1,197
Federal grants	90	(11)	79
Total receipts	**24,630**	**(53)**	**24,577**
Disbursements:			
Grants to local governments	15,356	(8)	15,348
Departmental operations	6,156	22	6,178
General state charges	1,731	(8)	1,723
Debt service	157	(4)	153
Total disbursements	**23,400**	**2**	**23,402**
Other financing sources (uses):			
Transfers from other funds	159	—	159
Transfers to other funds	(1,373)	(55)	(1,318)
Net other financing sources (uses)	**(1,214)**	**(55)**	**(1,159)**
Receipts and other financing sources over disbursements and other financing uses	**$ 16**	**$ —**	**$ 16**
SPECIAL REVENUE			
Receipts:			
Taxes	$ 425	$ 235	$ 660
Miscellaneous	1,547	144	1,691
Federal grants	8,579	(117)	8,462
Total receipts	**10,551**	**262**	**10,813**
Disbursements:			
Grants to local governments	8,342	(118)	8,224
Departmental operations	2,773	(83)	2,690
General state charges	191	(3)	188
Capital projects	19	2	21
Total disbursements	**11,325**	**(202)**	**11,123**
Other financing sources (uses):			
Transfers from other funds	1,719	(73)	1,646
Transfers to other funds	(882)	(14)	(896)
Net other financing sources (uses)	**837**	**(87)**	**750**
Receipts and other financing sources over disbursements and other financing uses	**$ 63**	**$ 377**	**$ 440**

	April 1986	Modifications	January 1987
DEBT SERVICE			
Receipts:			
Taxes	$ 30	$ —	$ 30
Miscellaneous	1,185	(46)	1,139
Federal grants	12	—	12
Total receipts	**1,227**	**(46)**	**1,181**
Disbursements:			
Debt service	954	(7)	947
Other financing sources (uses):			
Transfers from other funds	1,384	(6)	1,378
Transfers to other funds	(1,694)	46	(1,648)
Net other financing sources (uses)	**(310)**	**40**	**(270)**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ (37)**	**$ 1**	**$ (36)**
CAPITAL PROJECTS			
Receipts:			
Miscellaneous	$ 213	$ (8)	$ 205
Federal grants	508	113	621
Total receipts	**721**	**105**	**826**
Disbursements:			
Departmental operations	5	—	5
Capital projects	1,894	(34)	1,860
Total disbursements	**1,899**	**(34)**	**1,865**
Other financing sources (uses):			
Bond proceeds, net	475	(20)	455
Transfers from other funds	692	(41)	651
Transfers to other funds	—	—	—
Net other financing sources (uses)	**1,167**	**(61)**	**1,106**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ (11)**	**$ 78**	**$ 67**

The modifications indicated above generally reflect revisions to projections based on actual receipts and disbursements for interim periods. The primary revisions are described below:

—General Fund receipts decreased due to lower than anticipated collections of miscellaneous receipts. The reduction in miscellaneous receipts was partially offset by increases in collections of other taxes and business and user taxes. The increase in other taxes reflect the extraordinary year-end real estate market and the impact of the strong stock market on estate tax collections.

—Special Revenue Funds receipts increased due primarily to tax collections received in the Mass Transportation Operating Assistance Fund as a result of the extension of business tax surcharges. Increased miscellaneous receipts due to a transfer of investment earnings from the Higher Education Services Corporation and receipt of certain petroleum overcharge funds was offset by a reduction in federal grants as a result of a revised projection of Federally supported spending. Transfers from other funds decreased primarily as a result of lower receipts of the State University of New York.

—Special Revenue Funds disbursements for both grants to local governments and departmental operations decreased due to lower than originally anticipated spending for certain Federally supported programs.

—Capital Project Funds receipts were revised upward due to an increase in the drawdown of Federal grants based on actual Federally financed disbursements. This increase was partially offset by lower than anticipated proceeds from the issuance of bonds and a decrease in transfers from other funds due to a decline in capital spending for certain housing and transportation programs.

Exhibit C provides a comparison of the estimated data in the revised Financial Plan with the actual results on the

cash basis of accounting for appropriated Governmental Fund Types, whereas Exhibit B presents operating results for the Governmental Fund Types in conformity with generally accepted accounting principles. The following presents a reconciliation of the budgetary cash basis operating results per Exhibit C with the GAAP based operating results per Exhibit B (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects
Receipts and other financing sources over disbursements and other financing uses per Exhibit C	$ 16,400	$ 458,400	$ 32,400	$ 95,500
Entity differences:				
Receipts and other financing sources over disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	254,074	383	418,340	101,773
Perspective difference:				
Receipts and other financing sources over disbursements and other financing uses of the Earmarked Revenue Account which is treated as a Special Revenue Fund in the financial plan and part of the General Fund for GAAP reporting	170,991	(170,991)	—	—
Basis of accounting differences:				
Net increase in taxes receivable	902,947	8,886	—	—
Net increase in due from Federal government	—	80,973	—	30,221
Net increase (decrease) in other revenue and asset accruals	389,901	(27,080)	34,766	12,991
Net (increase) in tax refunds payable	(281,706)	(3,263)	—	—
Net (increase) in payable to local governments	(404,666)	(8,328)	—	—
Net (increase) in other payables and accrued liabilities	(46,460)	(82,423)	(10,088)	(2,883)
Excess of revenues and other financing sources over expenditures and other financing uses per Exhibit B	**$ 1,001,481**	**$ 256,557**	**$ 475,418**	**$ 237,602**

The entity differences relate to the presentation of CUNY and its related entities, the inclusion of certain funds considered to be proprietary funds in the budget process, the inclusion of certain sole custody bank accounts, and the inclusion of the proceeds of the crossover refunding (see Note 7). Additionally, the cash basis financial plan presents the State's subsidy of CUNY as grants to local governments ($504 million) whereas this amount in addition to the remainder of CUNY operations are presented as operations of State departments and agencies on Exhibit B.

The perspective difference relates to the Earmarked Revenue Account which is presented on a cash basis (amounts in thousands):

RECEIPTS:	
General business taxes	$ 11,000
Federal grants	5,093
Miscellaneous	804,592
	820,685
DISBURSEMENTS:	
Grants to local governments	200,134
Departmental operations	1,866,703
General state charges	62,499
	2,129,336
OTHER FINANCING SOURCES (USES):	
Transfers from other funds	1,607,301
Transfers to other funds	(127,659)
	1,479,642
Receipts and other financing sources over disbursements and other financing uses	**$ 170,991**

Note 11

COMMITMENTS AND CONTINGENCIES

The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the general purpose financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the Federal government or their designees. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately $128 million based on an evaluation of pending disallowances at March 31, 1987. The portion of the liability expected to be paid in the next 12 months, $35 million, is recorded in the General Fund and the remainder is recorded in the General Long-term Obligations Account Group.

On March 1, 1987 the New York State Medical Care Facilities Finance Agency (MCFFA) issued $300 million of Secured Hospital Revenue Bonds, 1987 Series A, for the purpose of financing mortgage loans to various hospitals in New York City. The hospitals are committed to pay the debt service and MCFFA has established reserves to cover deficiencies incurred by the hospitals. However, if both of these funding sources are inadequate, the State may be called upon to pay the debt service. Any such payments would require authorization by the State Legislature.

Generally the State does not insure its buildings, contents or related risks but has partial insurance coverage on State-owned automobiles for bodily injury and property damages, fidelity insurance on State employees and malpractice insurance on State University teaching hospitals. Routine uninsured losses are recorded as expenditures in the General Fund as paid, while significant uninsured losses usually are the result of litigation which is discussed further in Note 13.

Workers' compensation coverage is provided on a self insurance basis with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund the State pays only what is necessary to fund claims. Based on actuarial calculations as of the most recent valuation, July 1986, the State is currently liable for unfunded claims totaling approximately $186 million. The portion expected to be paid in the next 12 months, $50 million, is reported as a liability of the General Fund. The remaining amount, $136 million, is reported in the General Long-term Obligations Account Group.

In 1977-78, the State required that reserve funds held by insurance companies which underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of $152 million which is reported in the General Long-term Obligations Account Group.

The State Abandoned Property Law requires the deposit of certain defined and unclaimed assets into a State-managed Abandoned Property Fund (Agency Fund). The statute provides that whenever the Abandoned Property Fund exceeds $750,000, the excess must be remitted to the General Fund where it is reported as miscellaneous revenues. The amounts remitted during the year approximated $186 million. Net collections from inception (1942) to March 31, 1987 of approximately $1.4 billion represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

Since fiscal year 1982-83, amounts have been transferred to the General Fund from the State Insurance Fund and from several nongovernmental funds. The Legislature must make appropriations annually from the General Fund to cover the State's contingent liability to repay these transfers. Payments from these appropriations will be made only if the affected funds have no other monies available to meet their statutory obligations. To date, no payments from these appropriations have been required. The current appropriation is $722 million.

The New York State Higher Education Services Corporation, a public benefit corporation, was the guarantor of approximately $5.6 billion of outstanding loans made to students by participating lending institutions at March 31, 1987. In the event of default, the United States Department of Education would guarantee 98% of the loans, with the remaining 2% ($112 million) guaranteed by the State.

Subsequent to year end the State legislature passed legislation appropriating $850 million of unanticipated 1986 tax revenues for transfer from the General Fund to the New York State Infrastructure Trust Fund. The legislation indicates these funds will be used to construct and reconstruct state highways and bridges, correctional facilities and low income housing.

Note 12

GUARANTEED AND MORAL OBLIGATION DEBT

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the New York State Thruway Authority, the Job Development Authority and the Port Authority of New York and New Jersey to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. Except as now authorized, no further State guaranteed debt may be incurred without voter approval. As of March 31, 1987 such State-guaranteed bonds and State-guaranteed bond anticipation notes outstanding (with an

additional $314 million authorized but not issued) were as follows (amounts in thousands):

Issuer	Bonds	Notes	Total
Port Authority	$ 96,690	$ —	$ 96,690
Thruway Authority	199,750	—	199,750
Job Development Authority	267,130	22,500	289,630
Total	**$563,570**	**$ 22,500**	**$586,070**

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back the corporations' credit). Since such "moral obligations" do not constitute full faith and credit obligations of the State, voter approval of such obligations was not obtained.

The State has enacted "capping legislation" which restricts the amount of moral obligation bonds each corporation (other than the Municipal Assistance Corporation) may issue. The cap is set at the amounts of bonds and notes outstanding as of April 1, 1976 plus, within specific dollar limitations, additional bonds and notes required to finance projects then in progress. As moral obligation bonds within the cap are repaid (other than by refunding) the maximum cap is reduced accordingly. Public benefit corporations with no bonds or notes outstanding when this legislation became effective are prohibited from issuing moral obligation debt. This legislation also imposed maximum limitations on lease/purchase financing for certain authorities.

As of March 31, 1987 approximately $12.8 billion in moral obligation bonds were outstanding as follows (amounts in thousands):

Issuer	
Battery Park City Authority	$ 184,900
Dormitory Authority of the State of New York	370,035
New York State Energy Research and Development Authority	5,620
New York State Environmental Facilities Corporation	1,618
New York State Housing Finance Agency	2,458,913
New York State Job Development Authority	1,450
New York State Medical Care Facilities Finance Agency	212,830
New York State Project Finance Agency	212,170
State of New York Mortgage Agency	152,565
United Nations Development Corporation	32,745
Urban Development Corporation	827,735
Municipal Assistance Corporation for the City of New York	8,369,533
**Total	**$ 12,830,114**

While the State Legislature is not required to restore any deficiency in a debt service reserve fund, as of March 31, 1987, it had made appropriations pursuant to its "moral obligation" to make up such deficiencies under obligations issued by certain public benefit corporations, notably the Housing Finance Agency (HFA), Urban Development Corporation and Battery Park City Authority. Generally, these amounts are included as appropriated loans receivable. Pursuant to this "moral obligation", the State appropriated and paid $6.5 million during the current year to replenish HFA's debt service reserve funds.

Note 13

LITIGATION

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the constitutionality or the adequacy and effectiveness of a variety of significant social welfare programs primarily involving the State's mental hygiene programs. Adverse judgments in these matters generally would result in injunctive relief coupled with prospective changes in patient care which would require substantial increased financing of the litigated programs in the future. Because of the prospective nature of these matters, no provision for this potential exposure has been made in the accompanying general purpose financial statements.

The State is also engaged in a variety of contract and tort claims wherein significant monetary damages are sought. Actions commenced by several Indian nations claim that significant amounts of land were unconstitutionally taken from the Indians in violation of various treaties and agreements during the eighteenth and nineteenth centuries. The claimants seek recovery of approximately six million acres of land as well as compensatory and punitive damages. Significant tort claims have been filed against the State by residents of the "Love Canal" area of Niagara Falls for alleged negligence on the part of the State regarding chemical contamination of properties.

In July 1986, the New York State Supreme Court determined that a member who joined the New York State Employees' Retirement System (NYSERS) between July 27, 1976 and December 31, 1976 should be a member of Tier 2 rather than Tier 3. Subsequent to year end the Appellate Division of the State Supreme Court reversed the Supreme Court decision and found that the employees were not entitled to the Tier 2 retirement plan. The Civil Service Employees Association, which represents the affected workers', plans to appeal the decision. If the State loses, the

NYSERS could be required to refund contributions made by affected members and the State could be required to make up the refunded contributions and additional benefit costs through future payments to NYSERS.

Subsequent to March 31, 1987 a bridge on the New York State Thruway collapsed causing death, property damage and possible loss of business. The State is anticipating numerous legal claims will be filed as a result of this event.

With respect to pending and threatened litigation, the State has recorded liabilities of $341 million for awarded and anticipated unfavorable judgments. The portion of the liability expected to be paid within the next 12 months, $89 million, is recorded in the General Fund and the remainder is recorded in the General Long-term Obligations Account Group.

Note 14

STATE ADMINISTERED RETIREMENT SYSTEMS

There are two major State administered retirement systems for employees of the State and its localities (except employees of New York City, essentially all of whom are covered by separate City-sponsored and administered pension plans) which are managed by the State Comptroller as sole trustee. The two systems are the New York State Employees' Retirement System (ERS) and the New York State Policemen's and Firemen's Retirement System (PFRS) (Systems). The Systems, which are administrators of cost sharing multiple-employer public employee retirement systems, are considered a component unit of the State and, accordingly, are included in the State's reporting entity. On March 31, 1987 there were approximately 2600 participating government employers. Employees of the State constituted about 43% of the members of the Systems during the 1986-87 fiscal year.

The Systems provide retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Retirement benefits that employees are entitled to are established by State law and are dependent upon the point in time at which the employee last joined the retirement system. These retirement plans have both contributory and noncontributory requirements depending upon the point in time at which an employee last joined the retirement system. Most members of ERS who joined the retirement system on or before July 26, 1976 are enrolled in a noncontributory plan and may retire at 55. Most members of PFRS are not required to make employee contributions. Employees who last joined ERS subsequent to July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary and may retire at age 62. A public employee who joined the Systems during the period of July 27, 1976 to August 31, 1983 and leaves covered employment before 10 years of credited service may obtain a refund, including interest, of the accumulated employee contributions. Public employees who joined ERS subsequent to August 31, 1983 may not withdraw accumulated employee contributions with interest until they become 62.

Members, benefits, and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law. The number of members and benefit recipients as of March 31, 1987 were:

	ERS	PFRS	Total
Retirees and beneficiaries currently receiving benefits and inactive members entitled to benefits but not yet receiving them	225,721	16,532	242,253
Nonvested inactive members	47,652	1,631	49,283
Current working members:			
Vested	218,264	19,203	237,467
Nonvested	255,310	11,864	267,174

Pension Benefit Obligation

The "pension benefit obligation" shown below is the actuarial present value of credited projected benefits. It is the standardized disclosure measure prepared in accordance with Governmental Accounting Standards Board Statement No. 5, namely the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The pension benefit obligation is independent of the actuarial funding method used to determine contributions to the Systems. The sole measure of the funding status is whether the employers have paid the actuarially determined contributions under the aggregate funding method employed by the Systems.

The pension benefit obligation was determined as part of an actuarial valuation as of March 31, 1987.

The Actuary employed by the Systems calculates credited projected benefits which include the following:

1. Future monthly payments to pensioners who are receiving benefit payments on the valuation date and to beneficiaries, including any optional survivors' benefits.
2. The portion of potential future monthly retirement and disability benefits payable to active members attributable to their service credit as of the valuation date and salary as projected to the benefit payment date plus the pro rata portion of certain death benefits.
3. The potential future monthly service retirement benefits payable to inactive members based on their service credit and salary earned up to the valuation date.

The actuarial present value of credited projected benefits is the amount determined by the System's Actuary by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest between the valuation date and the

expected dates of payment) and the probability of benefit payments (by means of multiple-decrement probability tables for death, disability retirement and withdrawal).

The State Comptroller, upon the recommendation of the Actuary, adopted certain new actuarial assumptions as of April 1, 1986. Current (as of March 31, 1987) and previous (as of March 31, 1986) actuarial assumptions employed include:

	Current	Previous
Interest Rate	**8.0%**	**8.0%**
Salary scale		
Inflation	5.0%	5.0%
Productivity and merit (approximate)	2.3	3.5
Total salary scale	**7.3%**	**8.5%**
Social Security Benefits		
Increase in wage base	6.0%	6.0%
Increase in CPI	5.0	5.0
Multiple-decrement tables		
Death	4/1/81-3/31/86 Systems' experience	4/1/76-3/31/81 Systems' experience except withdrawal based on 4/1/82-3/31/85 Systems' experience
Disability		
Retirement		
Withdrawal		

As of March 31, 1987, the assets in excess of pension benefit obligation were $7,337 million as follows (amounts in millions):

	ERS	PFRS	Total
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits and inactive members entitled to benefits but not yet receiving them	$ 9,011	$ 1,917	$10,928
Non-vested inactive members	33	1	34
Current employees:			
Accumulated employee contributions including allocated investment income	798	13	811
Employer-financed vested	14,792	2,902	17,694
Employer-financed non-vested	1,181	255	1,436
Total pension benefit obligation	**25,815**	**5,088**	**30,903**
Net assets available for benefits	**32,398**	**5,842**	**38,240**
Assets in excess of pension benefit obligation	**$ 6,583**	**$ 754**	**$ 7,337**

The approximate effect on the pension benefit obligation during fiscal year end March 31, 1987 due to changes in actuarial assumptions and benefits was (amounts in millions):

Changes	Increase/(Decrease) in Pension Benefit Obligation		
	ERS	PFRS	Total
Actuarial Assumptions	$ 60	$ (220)	$ (160)
Benefits	70	—	70

Funding Status

The actuarial cost method used by the System to determine the annual contributions from employers is the aggregate cost method. Under this method, the actuarial value of assets and the actuarial present value of projected benefits (actuarial liabilities) are determined by the Actuary. The excess of the actuarial liabilities over the actuarial assets is funded by employers as a level percentage of salary over the current members' future working lifetimes. The aggregate cost method does not develop a separately stated past service liability.

The following schedule compares the Net Assets Available for Benefits (Exhibit A) and the actuarial accrued liability, which is the excess of the present value of prospective benefits over the present value of future normal costs, as of March 31, 1987 (amounts in millions):

Assets:	
Investments	$ 35,622
Receivables	3,162
Other	7
Total Assets	**$ 38,791**
Less Liabilities	551
Net Assets Available for Benefits	**$ 38,240**
Actuarial Accrued Liability under the Aggregate Cost Method	**$ 36,254**

The actuarial present value of projected benefits in this method is greater than the pension benefit obligation amount because the aggregate cost method uses a projection of members' total service rather than the service credited to date. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

The actuarial value of assets used in this method differs from the net assets available for benefits as shown in the financial statements due to actuarial assets being calculated using a five-year moving average of common stock valued at market value.

Each participating employer is required by law to contribute, on an annual basis, amounts necessary to finance coverage of its own employees. Benefit and contribution provisions are established by State law and may be amended only by the New York State Legislature. All participating employers which have adopted the same benefits contribute at the same rate of payroll. Employers commencing partici-

pation in the Systems are required to make deficiency contributions for up to 25 years. Employer contributions for the year ended March 31, 1987 are expected to be paid on or before June 30, 1988, except for the State's contribution which was paid on an a estimated basis on March 1, 1987. The State's contribution for the year ended March 31, 1986 and 1985 will be amortized over the next 16 years. (See "Employer Accounting" section).

The State's contribution to the Systems, established in accordance with actuarially determined requirements, for the year ended March 31, 1987 was $615 million which represented 11.7% of the current covered payroll. This contribution consisted of State and employee payments of $542 million and $73 million, respectively, and represented 10.3% and 1.4%, respectively, of the current covered payroll. The State's contribution to the Systems represented 39% of the total current-year actuarially determined contribution requirement for all employers. The payroll for State employees covered by the Systems for year ended March 31, 1987 was $5,263 million; and the State's total payroll was $6,689 million.

Employer contributions billed to the State (excluding amortization) and other participating employers during the fiscal year ended March 31, 1987 totaled $1,389 million. Employer contributions received during this same period totaled $1,388 million and represent 13.7 percent of the total covered payroll.

Significant factors which affected employer contributions for the fiscal year ended March 31, 1987 were (amounts in millions):

	Increase/(Decrease) in Estimated Employer Contributions		
	ERS	PFRS	Total
Actuarial assumption changes	$ 67	$ (29)	$ 38
Salary base growth	84	10	94
Investment return	(238)	(42)	(280)
Benefit provisions	25	—	25

Net Plan Assets

The Systems' net assets of $38,240 million includes investments of $35,622 million and receivables of $3,162 million, comprised of $2,524 million of accrued employer contributions receivable and the remaining receivable generally comprised of accrued interest and dividends on investments. Employer contributions receivable are for the 1985-86 and 1986-87 fiscal years except for the State's contribution receivable which relates to the unamortized balance for the 1984-85 ($720 million) and 1985-86 ($518 million) fiscal years.

Investments, except for common stocks, are carried in the statements at original cost or amortized cost net of an allowance for potential losses of $12 million. Common stocks are valued at quoted market prices as of the statement date. Substantially all cash is invested daily in short-term investments (cash equivalents). Such securities are stated at cost, which approximates market value at March 31, 1987.

The following table shows the market and carrying value of investments as of March 31, 1987 by the type of investment. All investments are insured or registered, or held by New York State or its agent in the name of the State Comptroller, as trustee. If available, quoted market prices have been used to determine market value. The amounts shown below for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at the fair value. In general, corporate debt securities have been valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments (amounts in millions).

	Market Value	Carrying Amount
Short-term investments	$ 1,278	$ 1,278
Government debt securities	9,427	8,520
Corporate securities	4,178	4,210
Common stocks	18,297	18,297
Mortgages	2,787	2,661
Real property owned	38	38
Other	618	618
Total	**$ 36,623**	**$ 35,622**

Funds are authorized to be deposited in checking accounts or interest bearing accounts including certificates of deposit. Bank deposits are fully insured or collateralized with securities held by New York State or its agent in the name of the State Comptroller. Collateralization is reviewed by the Office of the State Comptroller on an ongoing basis. Bank deposits may be under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance or under the sole custody of the State Comptroller.

Investments are authorized by State statute and generally include: obligations of or guaranteed by the United States; obligations of New York State, selected New York State Agencies, and New York State political subdivisions; repurchase agreements; commercial paper; mortgages; real property; equities and corporate fixed income securities.

Historical trend information designed to provide information about the retirement systems' progress made in accumulating sufficient assets to pay benefits when due is presented in the Systems' annual financial reports.

Employer Accounting

The State's annual pension contribution relating to employee services rendered during the fiscal year ending March 31, 1987 and the amortization payments relating to the 1984-85 and 1985-86 pension liabilities were made on March 1, 1987. The pension contribution expenditure reported in the governmental funds, which totaled $583.7 million, consists of a $517.3 million pension contribution relating to employee services rendered during the fiscal year ended March 31, 1987, $41.3 million to amortize the pension contribution relating to employee services rendered during the 1984-85 fiscal year and related interest of $25.1 million.

The principal component of the amortization payment of $140 million made on March 1, 1987 reduced the 1985-86 liability (reported in the General Fund) by $73.1 million and reduced the 1984-85 liability (reported in the General Long-Term Obligations Account Group) by $41.3 million. The balance of the pension contributions payable reported in the General Fund and the General Long-term Obligations Account Group will be amortized annually over the next 16 years.

The pension contribution of $542 million made on March 1, 1987 which related to employee services rendered during 1986-87 was based on an estimate. The actual contribution was subsequently determined by actuarial calculations to be $517.3 million. The State therefore overpaid the pension contribution by $24.7 million which is reported as an other asset of the General Fund in the combined balance sheet.

Other Retirement Systems

The New York State Teachers' Retirement System (TRS) provides benefits to certain employees of the State University of New York and the State Education Department. The New York City Employees' Retirement System (NYCERS) and the Teachers' Retirement System of the City of New York (NYCTRS) provide benefits to employees of City University of New York (CUNY) Senior Colleges. These systems are administrators of cost sharing multiple-employer public employee retirement systems. These systems were established by State and/or local law to provide pension benefits for State and local employees. The Teacher's Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), which is a privately operated pension plan, provides benefits to certain employees of the State University of New York (SUNY) and the CUNY Senior Colleges.

TIAA/CREF is a defined contribution retirement plan. Approximately 12,000 employees of the State University of New York and the State Education Department are members of TIAA/CREF. The State assumes no liability for TIAA/CREF members other than payment of contributions. The State contributed $64 million to this plan which is reported as other fringe benefits in the General Fund.

State contributions made to NYCERS, NYCTRS and TIAA/CREF on behalf of approximately 11,000 CUNY Senior College employees are reported in the General Fund as other fringe benefits and accrued liabilities. Based on pension expenditures incurred by CUNY for the year ended June 30, 1986, the State contributed $17 million, $9 million, and $21 million for NYCTRS, NYCERS, and TIAA/CREF, respectively.

State contributions made to TRS relating to employees services rendered in fiscal year 1985-86 and paid in May 1987 ($18 million) are reported in the General Fund as other fringe benefits and accrued liabilities. The contribution relating to fiscal year 1986-87 which is due in May 1988 ($21 million) is reported in the General Long-term Obligations Account Group as other long-term liabilities.

Accounting Change

TRS was included in the State's reporting entity and reported as one of the State administered retirement systems in prior years. Additional information was brought to the attention of the State Comptroller which indicated that the extent of the State's oversight responsibility (as defined by GAAP) for TRS was not sufficient to warrant inclusion of TRS in the reporting entity. Accordingly, the net retirement systems assets available for benefits (equity) of the State administered retirement systems has been restated as follows (amounts in thousands):

	State Administered Retirement Systems
Net retirement systems assets available for benefits (equity) at beginning of year, as previously reported	$ 47,131,166
Exclusion of TRS	(14,063,160)
Net retirement systems assets available for benefits (equity) at beginning of year, as restated	**$ 33,068,006**

In addition, for purposes of Exhibit E, cash and marketable securities have been restated as follows (amounts in thousands):

	State Administered Retirement Systems
Cash and marketable securities at beginning of year	$ 1,437,617
Exclusion of TRS	(757,695)
Cash and marketable securities at beginning of year, as restated	**$ 679,922**

If TRS had been included as one of the State administered retirement systems, the excess of revenues over expenses would have been approximately $7,128 million and the net retirement systems assets available for benefits (equity) would have been approximately $54,259 million.

Note 15

PUBLIC BENEFIT CORPORATIONS

Public benefit corporations (corporations) (as defined in Note 1) are legally separate entities that are not operating departments of the State. The corporations are managed independently, outside the appropriated budget process and their powers generally are vested in a governing board. Corporations are established for a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

The Governor, with the approval of the State Senate, appoints the members of the Board of most corporations and either the Governor or the board selects the Chairman and chief operating officer. Corporations generally submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances accompanied by an independent auditor's report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The State Comptroller is empowered to conduct financial examinations and management audits of the corporations.

Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain corporations for operating and other expenses and in fulfillment of its commitments on moral obligation indebtedness. Financial assistance in the form of appropriated loans or operating subsidies for certain corporations, principally the Urban Development Corporation, the Metropolitan Transportation Authority, the Housing Finance Agency, and Battery Park City Authority was provided in the fiscal year ended March 31, 1987 and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of public benefit corporations.

The amounts presented in the accompanying combined financial statements for public benefit corporations include the following entities for the fiscal years indicated:

Entity	Year End
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 1986
Battery Park City Authority	October 31, 1986
Capital District Transportation Authority	March 31, 1987
Central New York Regional Transportation Authority	March 31, 1987
Dormitory Authority of the State of New York	March 31, 1987
Harlem Urban Development Corporation	March 31, 1987
Health Research, Inc.	March 31, 1987
Housing Trust Fund Corporation	March 31, 1987
Hudson River-Black River Regulating District	June 30, 1986
Industrial Exhibit Authority	March 31, 1987
Jacob K. Javits Convention Center of New York Development Corporation	October 31, 1986
Metropolitan Transportation Authority	December 31, 1986
New York City Transit Authority	December 31, 1986
Manhattan and Bronx Surface Transit Operating Authority	December 31, 1986
Staten Island Rapid Transit Operating Authority	December 31, 1986
Metropolitan Suburban Bus Authority	December 31, 1986
The Long Island Railroad Company	December 31, 1986
Triborough Bridge and Tunnel Authority	December 31, 1986
Metro-North Commuter Railroad Company	December 31, 1986
Narcotic and Drug Research, Inc.	March 31, 1987
Natural Heritage Trust	September 30, 1986
Nelson A. Rockefeller Empire State Plaza Performing Arts Center Operating Corporation	March 31, 1987
New York City Convention Center Operating Corporation	March 31, 1987
New York State Affordable Housing Corporation	March 31, 1987
New York State Bridge Authority	December 31, 1986
New York State Energy Research and Development Corporation	March 31, 1987
New York State Environmental Facilities Corporation	March 31, 1987
New York State Higher Education Services Corporation	March 31, 1987
New York State Housing Finance Agency	October 31, 1986
New York State Job Development Authority	March 31, 1987
New York State Medical Care Facilities Finance Agency	October 31, 1986
New York State Olympic Regional Development Authority	March 31, 1987
New York State Project Finance Agency	October 31, 1986
New York State Science and Technology Foundation	March 31, 1987
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 1986
New York State Thoroughbred Racing Capital Investment Fund	December 31, 1986
New York State Thruway Authority	December 31, 1986
New York State Wine/Grape Foundation	March 31, 1987
Niagara Frontier Transportation Authority	March 31, 1987
Ogdensburg Bridge and Port Authority	March 31, 1987
Port of Oswego Authority	March 31, 1987
Power Authority of the State of New York	December 31, 1986
Research Foundation for Mental Hygiene	March 31, 1987
Research Foundation of SUNY	June 30, 1986
Research Foundation of CUNY	June 30, 1986
Rochester-Genesee Regional Transportation Authority	March 31, 1987
Roosevelt Island Operating Corporation	March 31, 1987
State Insurance Fund	December 31, 1986
State of New York Mortgage Agency	March 31, 1987
Urban Development Corporation	March 31, 1987
Youth Support, Inc.	March 31, 1987

FINANCIAL INFORMATION

Substantially all of the financial data was derived from audited annual financial statements and summarized into the accompanying format. Certain amounts have been reclassified to conform to the 1987 presentation. The public benefit corporations follow the accrual basis of accounting as required for the proprietary fund type. A few of the individual component units, principally the New York State Thruway Authority and the State Insurance Fund, do not fully conform to the accrual basis as applied to the proprietary fund type, however, the impact of these variances is not material to the public benefit corporations in total. Nine of the forty-four entities presented comprise 94% of the combined assets and 91% of the combined revenues (before eliminations). The accounts of these nine entities are presented below along with an explanation of significant and/or unusual accounting and reporting matters (amounts in thousands):

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency	Urban Development Corporation
ASSETS:						
Cash and marketable securities	$ 2,160,107	$ 253,517	$ 2,242,307	$ 2,303,112	$ 1,241,569	$ 410,919
Receivables, net of allowances for uncollectible:						
Due from Federal Government	—	—	—	—	—	—
Loans and leases	—	—	—	3,164,591	5,213,115	1,415,365
Other	113,730	14,208	1,148,090	62,974	170,035	112,700
Fixed assets	3,023,606	1,052,183	5,759,475	4,413	—	1,551
Other assets	137,800	8,004	503,527	14,865	—	17,502
Total assets	**$ 5,435,243**	**$ 1,327,912**	**$ 9,653,399**	**$ 5,549,955**	**$ 6,624,719**	**$ 1,958,037**
LIABILITIES:						
Pension contributions payable	$ —	$ 14,532	$ 1,470,881	$ 1,404	$ —	$ —
Accounts payable	—	—	199,570	—	—	—
Accrued liabilities	143,126	55,470	696,844	122,784	434,327	40,814
Deferred revenues	119,498	302	112,489	18,196	29,260	26,421
Notes payable	261,250	—	—	25,464	—	143,036
Bonds payable	3,341,944	370,760	3,937,299	5,102,795	5,738,077	1,449,723
Other long-term liabilities	135,144	—	274,800	—	192,399	465,987
Total liabilities	**4,000,962**	**441,064**	**6,691,883**	**5,270,643**	**6,394,063**	**2,125,981**
EQUITY (DEFICIT):						
Contributed	—	102,890	2,901,715	—	—	—
Restricted	1,434,281	139,677	203,670	230,809	175,998	—
Unrestricted	—	644,281	(143,869)	48,503	54,658	(167,944)
Total equity (deficit)	**1,434,281**	**886,848**	**2,961,516**	**279,312**	**230,656**	**(167,944)**
Total liabilities and equity	**$ 5,435,243**	**$ 1,327,912**	**$ 9,653,399**	**$ 5,549,955**	**$ 6,624,719**	**$ 1,958,037**
REVENUES:						
Charges for services	$ 1,135,447	$ 196,800	$ 2,438,640	$ 18,803	$ 10,173	$ —
Financing income	—	—	17,961	295,842	368,466	78,201
Investment earnings	86,800	19,614	44,121	91,762	44,664	27,063
State subsidies/grants	—	—	711,619	—	—	32,943
City/county subsidies and grants	—	—	966,532	—	—	—
Federal grants	—	—	109,157	—	—	806
Miscellaneous	1,218	7,688	103,812	21,054	1,296	7,182
Total revenues	**1,223,465**	**224,102**	**4,391,842**	**427,461**	**424,599**	**146,195**
EXPENSES:						
Operations	754,378	171,220	3,967,889	60,035	14,559	21,200
Depreciation and amortization	154,212	—	177,444	1,078	—	1,335
Interest	189,438	11,845	108,607	328,020	390,291	117,739
Total expenses	**1,098,028**	**183,065**	**4,253,940**	**389,133**	**404,850**	**140,274**
Excess of revenues over expenses	**125,437**	**41,037**	**137,902**	**38,328**	**19,749**	**5,921**
Equity (deficit) at beginning of year	1,401,464	867,558	2,135,433	322,804	212,715	(175,225)
Other equity changes	(92,620)	(21,747)	688,181	(81,820)	(1,808)	1,360
Equity (deficit) at end of year	**$ 1,434,281**	**$ 886,848**	**$ 2,961,516**	**$ 279,312**	**$ 230,656**	**$ (167,944)**

State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ 2,672,868	$ 1,501,452	$ 1,615,620	$ 612,367	$ 15,013,838	$ 1,314,143	$ 13,699,695
—	—	—	62	62	—	62
—	1,265,483	1,901,360	708,833	13,668,747	3,702,729	9,966,018
86,447	25,768	26,221	319,020	2,079,193	976,001	1,103,192
6,262	—	—	1,065,489	10,912,979	—	10,912,979
924	53,947	—	39,424	775,993	—	775,993
$ 2,766,501	**$ 2,846,650**	**$ 3,543,201**	**$ 2,745,195**	**$ 42,450,812**	**$ 5,992,873**	**$ 36,457,939**
$ —	$ —	$ —	$ 8,819	$ 1,495,636	—	$ 1,495,636
—	—	1,248	8,710	209,528	—	209,528
2,101,304	270,796	168,184	218,071	4,251,720	—	4,251,720
168,578	—	10,546	54,215	539,505	—	539,505
—	—	—	36,701	466,451	143,036	323,415
—	2,384,929	3,242,700	1,144,997	26,713,224	5,757,409	20,955,815
—	—	1,000	201,795	1,271,125	92,428	1,178,697
2,269,882	**2,655,725**	**3,423,678**	**1,673,308**	**34,947,189**	**5,992,873**	**28,954,316**
—	—	—	719,061	3,723,666	—	3,723,666
—	—	116,663	168,738	2,469,836	—	2,469,836
496,619	190,925	2,860	184,088	1,310,121	—	1,310,121
496,619	**190,925**	**119,523**	**1,071,887**	**7,503,623**	**—**	**7,503,623**
$ 2,766,501	**$ 2,846,650**	**$ 3,543,201**	**$ 2,745,195**	**$ 42,450,812**	**$ 5,992,873**	**$ 36,457,939**
$ 543,200	$ —	$ 4,833	$ 136,709	$ 4,484,605	$ —	$ 4,484,605
—	135,125	189,090	125,778	1,210,463	—	1,210,463
262,853	89,226	153,961	26,192	846,256	—	846,256
—	—	—	136,334	880,896	—	880,896
—	—	—	55,043	1,021,575	—	1,021,575
—	—	—	219,961	329,924	—	329,924
4,053	7,149	—	118,222	271,674	—	271,674
810,106	**231,500**	**347,884**	**818,239**	**9,045,393**	**—**	**9,045,393**
768,943	6,744	21,654	674,092	6,460,714	—	6,460,714
299	12,890	—	36,918	384,176	—	384,176
—	186,340	298,026	74,732	1,705,038	—	1,705,038
769,242	**205,974**	**319,680**	**785,742**	**8,549,928**	**—**	**8,549,928**
40,864	**25,526**	**28,204**	**32,497**	**495,465**	**—**	**495,465**
43,504	167,770	90,568	1,137,781	6,204,372	—	6,204,372
412,251	(2,371)	751	(98,391)	803,786	—	803,786
$ 496,619	**$ 190,925**	**$ 119,523**	**$ 1,071,887**	**$ 7,503,623**	**$ —**	**$ 7,503,623**

Power Authority

The Power Authority of the State of New York was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. The authority generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities.

The Authority's principal asset, fixed assets (utility plant), is stated at original cost and consists primarily of amounts expended to license, construct, acquire, complete and place in operation projects of the Authority. Depreciation is provided on a straight-line basis over the estimated useful lives of various classes of plant with the exception of nuclear fuel which is amortized over its estimated useful life on the unit-of-production basis. The average life for depreciable electric plant is approximately 40 years. Investments costing $2.2 billion, which approximates market value, consist of U.S. Government Securities. The additional data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of the Authority. Interest expense is net of interest capitalized of $76 million. Other equity changes of $92.6 million relates entirely to an advance refunding charge in connection with the refunding of $350 million principal amount of General Purpose Bonds. Employees of the Authority are members of ERS and pension expense for the year was $12.3 million.

The Indian Point 3 nuclear power plant has been experiencing steam generator tube corrosion problems, similar to problems experienced by other nuclear generators of the same design. The Authority has therefore initiated plans for the replacement of the tubes in late 1988 at an estimated cost of $157 million.

Several of the Authority's planned or existing projects or revenues therefrom are involved in proceedings before Federal and State Courts and agencies. The effect of these matters has delayed and may impede the Authority's construction and operations of such projects or planned projects and require the Authority to incur substantial additional costs or reductions in revenues. The Authority's General Counsel believes the Authority has meritorious positions with respect to these matters.

On May 28, 1987, the Trustees of the Authority agreed to notify the Federal Energy Regulatory Commission that the Authority is suspending its effort to build the Prattsville Pumped Storage Power Project until economic conditions are more favorable and environmental issues can be resolved. Since the project would be used mainly to replace electricity from fossil fuel plants at times of peak consumer demand, and because the project is not expected to be needed until the end of this century, $19.7 million of Preliminary Investigations will be written off to Net Revenues.

Thruway Authority

The New York State Thruway Authority was created as a public benefit corporation by the New York State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. The Authority has also been authorized by the Legislature to act as a financing agent for issuing Emergency Highway Reconditioning and Preservation Bonds and Notes and Emergency Highway Construction and Reconstruction Bonds and Notes to finance improvements to State highways.

The accounts of the Thruway Authority are maintained in accordance with the provisions of its bond resolutions and accordingly, the Authority's financial statements are not intended to present financial condition and results of operations in conformity with generally accepted accounting principles. The accounts of the Authority follow generally accepted accounting principles except as follows:

—The General Revenue Bond Resolution states the operating expenses shall not include any allowance for depreciation and, accordingly, no provision for depreciation was included in the accounts;

—Equipment replacements are not capitalized; and

—All operating and maintenance costs, including materials and supplies, repairs, replacements and provisions for reasonable and necessary reserves to maintain facilities and equipment in good operating condition are charged to operations.

The primary asset, thruway project, ($1.1 billion) consists primarily of highways, bridges, buildings and equipment. Other equity changes of $21.7 million are comprised of a reduction of the reasonable and necessary reserves to maintain facilities and equipment in good working condition in the amount of $24 million and gains of $2.3 million from the purchase of General Revenue Bonds on the open market in satisfaction of future sinking fund requirements. Employees are members of ERS and pension expense for the year was $9 million. The Authority recognizes the cost of providing retirees' health care benefits by accruing and expensing the monthly insurance premiums. Total expense charged to operations was $2.4 million.

Cash and marketable securities consist of $57.5 million of deposits with financial institutions and $196 million of investments in U.S. Government Securities. Deposits with financial institutions are collateralized by direct obligations of the United States or of the State of New York of a market value at least equal at all times to the amount thereof and are held by the Authority's custodian in the name of the Authority.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category A includes securities held by the Authority's agent in the Authority's name. Category B includes unregistered securities held by the Authority's agent, who acted as counterparty, in the Authority's name.

	Category		Carrying	Market
	A	B	Amount	Value
U.S. Government Securities	$ 125,874	$ 69,945	$ 195,819	$ 199,830

The Authority has been named as a defendant in a number of legal actions arising from various causes. Various types of liability insurance coverage are carried and the

Authority is self-insured for certain other types of liabilities. The ultimate amounts required to settle such litigation are not expected to have a material effect on the financial condition of the Authority.

On April 5, 1987 the Authority's Schoharie Creek bridge collapsed. Ten persons are believed to have been killed. The Authority is self-insured for any resulting claims which could be material in amount. It is anticipated that revenue losses and expenses for reestablishing traffic, including the cost of the replacement structure, will be substantially covered by insurance and Federal assistance (see Note 13).

Metropolitan Transportation Authority

The Metropolitan Transportation Authority was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area. The accounts presented as the Metropolitan Transportation Authority are the combined accounts of the following related entities:

- —Metropolitan Transportation Authority (MTA)
- —New York City Transit Authority (NYCTA)
- —Manhattan and Bronx Surface Transit Operating Authority (MABSTOA)
- —Staten Island Rapid Transit Operating Authority (SIRTOA)
- —Metropolitan Suburban Bus Authority (MSBA)
- —The Long Island Railroad Company (LIRR)
- —Triborough Bridge and Tunnel Authority (TBTA)
- —Metro-North Commuter Railroad Company (M-NCRC)

Significant inter-entity transactions and balances were eliminated in combination. The primary asset, fixed assets, is reported net of $954 million accumulated depreciation which is provided on a straight-line basis over the estimated useful lives of the fixed assets which range from seven to one hundred years. Certain equipment and other capital used by NYCTA, MABSTOA, MSBA, and SIRTOA, primarily rolling stock, are funded and owned by City, State and Federal governments and accordingly, are not recorded by the Authorities. Capital expenditures during the year were made in accordance with the five-year capital program implemented by MTA in 1982. The program approximates $8.6 billion and will be financed by Federal grants, long-term State service contracts, bonds to be issued by TBTA, proceeds from the sale of tax benefits and MTA bonds secured by system revenues and other sources. Approximately $7.6 billion has been committed under the program as of December 31, 1986. Investments of $2.2 billion consist of U.S. Government and agency securities and investments held under repurchase agreements collateralized by U.S. Government securities. All investments are held by MTA's agent in custody accounts in the name of the Authority. The balances were as follows:

	Carrying Amount	Market Value
Repurchase agreements	$ 561,769	$ 565,838
U.S. Government Securities ...	1,635,122	1,693,886
	$ 2,196,891	**$ 2,259,724**

At year end, the carrying amount of deposits with financial institutions was $5.1 million and the bank balance was $29 million. Of the bank balance $2.6 million was covered by federal depository insurance and $26.4 million was uninsured. The Authority also had cash balances with a carrying amount of $39 million held by agents and in deposits in transit.

Interest expense on MTA service contract bonds with a principal amount of $933 million was paid through charges to the State and therefore interest expense on these bonds is not recorded. Interest expense is net of interest capitalized of $51 million.

Other equity changes of $688 million are comprised of: Federal and State grants and other financing sources for capital projects ($814 million), less a $126 million loss relating to the defeasance of certain TBTA, MTA, and NYCTA bonds.

MTA recognizes the cost of providing retiree's health care benefits by expensing insurance premiums and costs which were approximately $3.3 million.

Employees are members of ERS or union sponsored plans and pension expense for the year was $509 million. The District Court rendered a summary judgment on September 26, 1986 which held that the LIRR pension plan is a governmental plan and thus not subject to the Employees Retirement Income Security Act of 1974 (ERISA). This ruling has been appealed. If the provisions of ERISA are determined to apply, LIRR may be required to contribute as much as $100 million to fund the plans for the period from January 1, 1976 through February 1980, or up to $415 million through December 1986 should ERISA apply to LIRR after it became a public benefit corporation in February 1980. Management believes that LIRR has persuasive arguments in support of the position that the plan is a "governmental plan" and not subject to ERISA and that those arguments should prevail. MTA and its related entities are also involved in civil rights suits and suits for personal injuries. Such litigation is not expected to have a significant adverse effect on their financial condition.

In May of 1984, NYCTA, MABSTOA, the City of New York and the Port Authority of New York and New Jersey initiated a suit against a bus manufacturer to recover damages of approximately $340 million. The manufacturer countersued for $1 billion. Management and counsel for NYCTA and MABSTOA believe that their complaint is meritorious and the likelihood that the counterclaim will result in any material liability is remote.

TBTA issued approximately $444 million of special obligation bonds in order to defease the $375 million general obligation bonds for the New York City convention center and to provide additional funds for the convention center. These special obligation bonds are not secured by or payable

from any revenues or assets of the Authority. Since the indebtedness is a liability of the State pursuant to its lease (see Note 8), the liability is not reflected by the Authority.

During 1987 a new five year capital improvement program was approved by the New York State Legislature. This new program will involve additional capital projects totaling $8.6 billion.

Dormitory Authority

The Dormitory Authority (Authority) was established in 1944 for the purpose of financing, designing, constructing, purchasing, reconstructing and/or rehabilitating buildings, ("projects") for use by educational and other not-for-profit institutions. The Authority is also authorized to make and purchase loans to students enrolled in participating institutions of higher education in the State, and finance the purchase of equipment and various short-term capital projects.

A primary asset, loans and leases receivable, is comprised of net investments in direct financing leases ($2.8 billion) which arise from projects leased under long-term non-cancellable contracts and are accounted for as financing transactions, construction and mortgage receivables, equipment and other capital project loans, and student loans. Approximately 26% of the direct financing leases are with the State for State University, City University Senior Colleges, and State Health Department projects (see Note 8). No provision has been made for potential losses on mortgage and lease receivables because of collateral and reserve funds held.

Cash balances as of March 31, 1987 are either fully insured by Federal depository insurance or collateralized by securities held by a custodial bank in the Authority's name or on deposit with the State Comptroller of the State of New York in the State's Short-term Investment Pool. During the year, there were times when cash balances were not entirely insured or collateralized because of noncleared payable checks and deposits in transit.

The type and maturity of investment securities held in trustee funds ($2.2 billion) is governed by the applicable underlying bond or note resolution. The Authority has a written investment policy for other investments which allows investment only in full faith and credit obligations of the United States Government.

During the year and at March 31, 1987, all investments were in accordance with the applicable policy or resolution. Investments of trustee funds primarily consist of U.S. Government securities or agreements secured by insurance or securities guaranteed by the U.S. Government. Trustee fund investments were carried at a cost of $2.2 billion with a market value of $2.5 billion. Other investments were carried at a cost of $73.7 million with a market value of $73.0 million. In accordance with Governmental Accounting Standards Series Statement No. 3 the Authority has categorized its investments into two groups. Category 1 includes investments that are insured or registered in the Authority's name, or held by an agent in the Authority's name. Category 2 includes investments that are uninsured but which were purchased through the Authority's trustees acting as purchasing agents and are held in trust accounts in the Authority's name.

	Amounts (in thousands)			
	Category		Carrying	Market
	1	2	Value	Value
Obligations of the United States Government..	$ 683,699	$1,534,162	$2,217,861	$2,449,709
Tennessee Valley Authority Bonds	310	—	310	413
Investment Agreement ...	49,189	—	49,189	49,189
Floor Ceiling Agreements...	—	16,329	16,329	18,668
	$ 733,198	**$1,550,491**	**$2,283,689**	**$2,517,979**

Fixed assets consist of land and buildings and computer equipment. Buildings and equipment are depreciated in a manner not substantially different from the straight-line method of depreciation.

Certain bond and note issues have letters of credit, or cash and investment securities pledged to secure payments of the related debt in amounts not less than the principal balance of debt outstanding. At year end, pledges with a market value of $373 million secure debt outstanding with a principal balance of $301 million. In addition, the principal balance outstanding of certain other bond issues is fully secured through municipal bond insurance. At March 31, 1987 the principal balance outstanding on these bonds totalled $627 million.

Interest expense is net of capitalized interest of $33.5 million. Employees are members of ERS and pension expense for the year was $750 thousand. Other equity changes result from a loss on the early extinguishment of debt.

The Authority is a defendant in a number of pending legal actions. There are also a number of threatened actions involving the Authority. It is management's opinion that those pending or threatened matters that would be material to the financial statements are covered by insurance or bonds filed with the Authority should a liability arise, or the Authority has the legal power and ability to seek funds to meet any such matters.

Housing Finance Agency

The New York State Housing Finance Agency (Agency) was created to finance low and middle income housing through the sale of tax-exempt securities. The original mandate of the Agency has been expanded through legislation to include financing of non-profit hospitals, nursing homes, municipal health facilities, State University facilities, and community related projects such as day care and senior citizens centers and facilities for the mentally ill and mentally retarded.

The primary asset, loans and leases receivables, is comprised of mortgage and other loans ($2.4 billion), and

lease receivables ($2.8 billion) which arise from projects leased under long-term noncancellable contracts and are accounted for as financing transactions. Lease receivables are primarily with the State for the State University Construction and the Mental Hygiene Improvement Programs (see Note 8). The provision for possible uncollectible mortgage loans was $6.2 million at year-end. Investments of $1 billion are restricted to direct or guaranteed obligations of the U.S. Government, its agencies, the State and under certain circumstances, interest bearing time deposits or similar bank investment securities collateralized by United States government obligations or interest bearing notes issued by banks or bank holding companies. A valuation allowance is established to the extent by which the aggregate cost of investments exceed market value.

Other long-term liabilities consist of amounts due to the State which represent the accumulated amount of unpaid monies appropriated by the State Legislature to the Agency. State repayment obligations are payable when the related mortgage loans are collected. New amounts received from the State totaled approximately $20 million, while repayments were $2 million. Employees are members of ERS and pension expense for the year was $433 thousand.

The auditor's report is qualified subject to the outcome of mortgage loan and other receivables in the amount of $513 million relating to the Co-Op City project which are in arrears. The collectibility of such receivables is dependent upon the mortgagor's ability to generate future revenues sufficient to cover operating costs, including debt service, the ability of the mortgagor to obtain additional financing or its ability to restructure its debts.

The Agency is involved in various legal actions, the outcome of which, in its opinion, will not result in any material adverse financial effect on its programs.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State. UDC's efforts are currently directed to several activities including civic, commercial, high technology and industrial development within the State, including the development of essential public projects; in addition, it provides municipalities and the State with its development expertise and its ability to facilitate real estate tax abatement and tax-exempt financing.

The primary asset, loans and leases receivables, is comprised principally of residential mortgage loans receivable ($829 million, of which $735 million are subsidized mortgages), nonresidential projects ($140 million), and economic development and public projects receivable ($446 million.) Residential mortgage loans are collateralized by a first lien on the project and are payable by the Housing Company borrower in equal installments of principal and interest over a 40 year period. At March 31, 1987 approximately $468 million of subsidized residential mortgage loans have been pledged as collateral for approximately $209 million of revenue bonds and other long-term liabilities.

Because a substantial number of subsidized mortgagors are presently unable to fully satisfy debt service obligations, and since it is anticipated that this condition will continue, UDC, for accounting purposes, amortizes its subsidized residential mortgage loans solely from amounts received from the United States Department of Housing and Urban Development ("HUD"). Such method will result in the recovery of UDC's investment over the remaining period to maturity of the subsidized mortgage loans with an estimated annual yield on the unrecovered investment of approximately 5%, subject only to the continued receipt of HUD payments. Debt service payments from Housing Companies on such loans are accounted for as interest income as received. In addition, interest on non-subsidized residential mortgage loans is recognized as received, based on an effective yield determined on the basis of management's estimate of future cash receipts to be received on the loans in relation to UDC's investment in the loans. Payments on both subsidized and non-subsidized residential mortgage loans which are received during a period subsequent to the end of the fiscal year and which are applicable to such year are accrued. UDC continues to be legally entitled to receive all unpaid interest and principal payments under the mortgages. Such past due unpaid amounts were $149.8 million at March 31, 1987. No provision is made for possible uncollectible residential mortgage loans receivable.

Investments totalling $401 million are restricted to (a) obligations of the State or of the United States, (b) obligations, the principal and interest of which are guaranteed by the State or the United States, (c) obligations of agencies and instrumentalities of the State or of the United States, and (d) collateralized certificates of deposit of banks or trust companies in the State. Investments include approximately $58.4 million of securities held pursuant to repurchase agreements. Collateral is held in UDC's name by a bank as its trustee. The other data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of UDC. Other long-term liabilities primarily represent the accumulated amount of monies appropriated by the State Legislature that have been received and not repaid. UDC is, and will remain, dependent upon the State for appropriations to meet its financing requirements. Employees are members of ERS and pension expense for the year was $930 thousand. Other equity changes of $1.4 million result from a gain on advance purchase of General Purpose Revenue Bonds.

In connection with its mortgage loan enforcement efforts, foreclosure proceedings have commenced on several projects. These proceedings have resulted in counterclaims for damages. UDC has also been named defendant in other legal actions. UDC believes such litigation will not have a material adverse effect on its financial condition.

Subsequent to the end of its fiscal year, a general resolution was adopted under which UDC expects to issue $30.4 million in Project Revenue Bonds during July 1987. The net proceeds of this issue will be used to provide a loan to Syracuse University for the construction and financing of a science and technology building. Rental payments by New York State are expected to be the principal source of funds to meet debt service requirements on these bonds.

State Insurance Fund

The State Insurance Fund (Fund) is comprised of the Worker's Compensation Fund and the Disability Benefits Fund and is primarily engaged in providing worker's compensation and disability benefit insurance for employers in the State of New York.

The Fund prepares its financial statements in conformity with accounting practices prescribed or permitted by the New York State Insurance Department which vary in certain material respects from generally accepted accounting principles. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles (GAAP). The principal variances are as follows:

- —The liability for unpaid losses is discounted to its present value using an interest rate of 3 1/2 percent. Under GAAP, the loss adjustment expenses would also be discounted and the interest rate used would be based upon market rates and earnings expectations;
- —Assets of approximately $59 million which primarily represent overdue premiums in the course of collection, and any allowance for estimated uncollectible premiums are not recorded;
- —Amortization of premium and accretion of discount on bonds held at December 31, 1986 is recorded as unrealized gain or loss and is recognized as income when sold;
- —Policy acquisition costs are charged to operations as incurred rather than deferred and amortized over the life of the related policies;
- —Initial premiums are recorded when due and subsequent premiums are recorded when determined and billed to policyholders; and
- —Salvage and subrogation recoveries are recorded when received, rather than estimated at the time the related loss is incurred.

The primary asset, investments ($2.6 billion), consists of U.S. Government and Government agency obligations, New York State obligations, corporate bonds, insured FHA mortgages and collateral loans (repurchase agreements). The majority of all cash and investment accounts of the fund are under the custody of the Commissioner of Taxation and Finance of the State. The additional data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of the Fund. Employees are members of ERS and pension expense for the year was $2.9 million.

Substantially all property owned by the Fund is used for its own operations. Buildings are depreciated over estimated useful lives (25 or 40 years) using the straight-line method.

Subsequent to its year end and prior to the State's year end the State Insurance Fund transferred $325 million to the State's General Fund. This amount was recorded as both a receivable and a payable to the State on the Fund's balance sheet. A similar transfer for $190 million was made in 1983. Both transactions are considered operating transfers by the State and not a liability of the General Fund or a receivable of the Fund. Therefore, the $190 million and $325 million receivables and offsetting liability of $325 million and equity of $190 million have been eliminated from the Fund's balance sheet. The $190 million represents a restatement of beginning fund equity. Other equity changes of $412 million are comprised of: a reduction of $17 million from increases in nonadmitted assets, and an increase of $429 million for the cumulative effect of a change in accounting principle. Effective January 1, 1986, the Fund changed its liability for unpaid losses by discounting the liability to its estimated present value using an interest rate of 3 1/2 percent. Previously, such losses were not discounted.

On April 21, 1987, Chapter 47 of the Laws of 1987 was signed which authorizes and directs the fund to transfer an additional $150 million to the genera! fund of the State and an additional $150 million to the State's capital projects fund by March 1, 1988. This legislation is patterned after Chapter 55 of the Laws of 1982 under which the aforementioned transfers of $190 and $325 million were made.

State of New York Mortgage Agency

The State of New York Mortgage Agency (Agency) was created in 1970 to alleviate shortages of funds available for residential mortgages that occur in the banking system within the State. To accomplish this purpose, the Agency issued tax-exempt mortgage revenue bonds and used the proceeds to purchase existing residential mortgage loans from New York State banks with the provision that the banks invest the proceeds in new residential mortgage loans within the State. In 1982, the Legislation noted above was amended to permit bond proceeds to be used directly to originate new mortgage loans through participating banks.

Loans and leases receivables, consists primarily of mortgage loans ($1.3 billion) financed by long-term indebtedness. Mortgage loans on real estate are stated at their unpaid principal balance, less unearned discount. Unearned discount is amortized to earnings based upon the level yield method. Agency investments ($1.4 billion) consist of U.S. Treasury securities, U.S. Government agency securities, and interest earning bank deposits collateralized by New York State and U.S. Government obligations. Security investments are stated at cost, adjusted for amortization of premium and accretion of discount to maturity on a straight-line basis, which approximates the interest method of amortization. The additional data required by Governmental Accounting Standards Board Statement No. 3 was not provided in the financial statements of the agency.

Other equity changes results from a loss on the early extinguishment of debt. All full-time employees of the Agency are covered by ERS and pension expense for the year was $297 thousand.

Medical Care Facilities Finance Agency

The New York State Medical Care Facilities Finance Agency (Agency) is authorized to issue bonds and notes: (1) for the purpose of making mortgage and equipment loans to non-profit hospitals, nursing home companies, medical corporations and other agencies, (2) for making loans to

qualified health maintenance organizations, (3) for financing the construction of municipal health facilities and (4) for making loans to hospitals which have been designated as financially distressed in aggregate principal amounts not to exceed four billion five hundred million dollars for the first two categories, one billion dollars for the third and three hundred million dollars for the fourth.

The primary asset, loans and leases receivables, is comprised of mortgage loans ($1.9 billion) financed by long-term indebtedness. Deposits with financial institutions in the amount of $12.3 million consist of $10.6 million held by paying agents as required by the bond resolutions and $1.7 million covered by Federal depository insurance or by collateral held by the Agency's depository. Investments of $1.6 billion are restricted to direct or guaranteed obligations of the U.S. Government, direct obligations of Federal agencies or the State and, under certain circumstances, interest bearing time deposits or similar bank investment securities collateralized by U.S. Government obligations or interest bearing notes issued by banks or bank holding companies. A valuation allowance is established to the extent the aggregate cost of investments exceeds market value and is reported as a part of restricted equity. The market value of investments exceeded the carrying value by $48 million at year end. Accordingly, the investment valuation allowance of $400 thousand established at the end of the previous year was reversed. The reduction of the investment valuation allowance and $351 thousand of reserve funds received from mortgagors are reported as other equity changes. Other long-term liabilities represent amounts appropriated by the State Legislature to the Agency to establish a Hospital and Nursing Home Project Special Debt Service Reserve Fund to be used to the extent required to make up deficiencies in interest or principal payments on these related loans. The $1 million obligation is repayable to the State upon repayment of all bonds under the Hospital and Nursing Home Project Bond Program.

Subsequent to the end of its fiscal year, the agency issued bonds for various purposes totalling $350 million.

Eliminations

Eliminations are made primarily to avoid duplicate reporting of assets and liabilities. As explained in Note 8, the State services a significant portion of the bonds and notes payable of certain public benefit corporations. Since this liability is reported by the State, an equivalent amount ($5.757 billion) of bonds payable and related assets is eliminated in arriving at the totals for the public benefit corporations. This amount differs from the amount in Note 8 ($6.329 billion) primarily due to transactions occurring between the corporations' reported fiscal year-ends and the State's March 31, 1987 year-end and because the amount reported in Note 8 for the Triborough Bridge and Tunnel Authority (TBTA) is no longer reported in TBTA's financial statements. The second elimination ($235 million) is to delete a receivable and payable between the Urban Development Corporation and the Project Finance Agency.

Other Information

Cash and marketable securities (before eliminations) includes approximately $14.7 billion of marketable securities at cost, which approximates market value. Receivables are presented net of allowances for uncollectibles of $78 million.

Changes in fixed assets were as follows (amounts in thousands):

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Power Authority	$ 3,900,590	$ 267,404	$ 2,191	$ 4,165,803
Thruway Authority	1,045,590	6,593	—	1,052,183
Metropolitan Transportation Authority	5,182,612	1,592,179	60,817	6,713,974
Dormitory Authority	1,486	3,673	627	4,532
Urban Development Corporation	5,051	190	—	5,241
State Insurance Fund	9,962	2,493	—	12,455
Other	1,181,021	77,759	9,688	1,249,092
	11,326,312	$ 1,950,291	$ 73,323	13,203,280
Less Accumulated Depreciation	1,934,865			2,290,301
Total	**$ 9,391,447**			**$ 10,912,979**

Fixed Assets were comprised of the following (amounts in thousands):

Land	$ 321,175
Land Improvements	3,797,457
Buildings	5,484,179
Equipment	3,600,469
Total	**$ 13,203,280**

Certain public benefit corporations issue their own serial and revenue bonds. These bonds, which have interest rates ranging from 0.10% to 25.0%, are not legal obligations of the State (see Notes 8 and 12). Changes in bonds outstanding (before eliminations) were as follows (amounts in thousands):

	Outstanding Beginning of Year	Issued	Redeemed	Outstanding End of Year
Power Authority	$ 2,683,165	$ 1,051,489	$ 392,710	$ 3,341,944
Thruway Authority	405,663	—	34,903	370,760
Metropolitan Transportation Authority	2,709,042	2,674,503	1,446,246	3,937,299
Dormitory Authority	4,486,395	1,269,020	652,620	5,102,795
Housing Finance Agency	5,644,598	640,153	546,674	5,738,077
Urban Development Corporation	1,239,314	558,856	348,447	1,449,723
State of New York Mortgage Agency	2,090,902	757,235	463,208	2,384,929
Medical Care Facilities Finance Agency	2,470,395	839,405	67,100	3,242,700
Other	809,594	360,558	25,155	1,144,997
Total	**$ 22,539,068**	**$ 8,151,219**	**$ 3,977,063**	**$ 26,713,224**

Debt service requirements to maturity are as follows (amounts in thousands):

First year	$ 724,399
Second year	512,585
Third year	597,714
Fourth year	607,615
Fifth year	654,953
Thereafter	23,615,958
Total	**$ 26,713,224**

Notes were issued by certain public benefit corporations to provide temporary or interim financing for special projects. The notes will be repaid from the proceeds of revenue bonds to be issued, from the renewal of the notes or from monies received from municipalities, Federal or State aid or other sources relative to the purpose of the issuance. Interest rates for notes with a principal balance of $405.2

million ranged from 4.96% to 12.5%. Interest rates for $61.3 million fluctuate with bank prime lending rates and U.S. Treasury bill rates. Changes in notes were as follows (amounts in thousands):

	Outstanding Beginning of year	Issued	Redeemed	Outstanding End of year
Power Authority	$ 328,265	$ —	$ 67,015	$ 261,250
Dormitory Authority	26,162	—	698	25,464
Housing Finance Agency	9,435	—	9,435	—
Urban Development Corporation	144,280	—	1,244	143,036
Other	43,329	33,188	39,816	36,701
Total	**$ 551,471**	**$ 33,188**	**$ 118,208**	**$ 466,451**

Public benefit corporations are also committed under numerous operating leases covering right-of-way and real property for which there is no evidence of purchase options or other traits of ownership passed to the public benefit corporations (capitalized leases are not significant). Rental expense for the year was $20.6 million. Future minimum lease payments under noncancellable leases exceeding one year are as follows (amounts in thousands):

First year	$ 13,202
Second year	12,004
Third year	10,710
Fourth year	10,178
Fifth year	9,294
Thereafter	93,566
Total	**$ 148,954**

Note 16

JOINT VENTURES

Joint Ventures are independently constituted entities generally created by two or more governments for a specific purpose, such as contracting and maintaining an interstate or international bridge. Pursuant to current financial reporting standards, the State does not record its equity in joint ventures. The only significant joint venture in which the State of New York participates is the Port Authority of New York and New Jersey.

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. It is authorized and directed to plan, develop and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, defined in the compact, which comprises an area of about 1,500 square miles in both States, centering about New York Harbor.

The governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Each governor has from time to time exercised the statutory power to veto the actions of the commissioners from his state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and also appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit, its reserve funds and its future revenues. The agency has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The Port Authority's annual budget is a financial planning tool outlining the estimated expenditures for programs already authorized or to be considered by the Board of Commissioners. It is not an authorization allocation, and approval of the budget based on the financial plan does not in itself authorize projects. Each capital project must be separately considered and approved by the Commissioners. Upon approval, the financial plan becomes a means of achieving systematic control of program expenditures to ensure that they are made in accordance with the policies and financial decisions of the Board, and the requirements of the By-Laws of the Port Authority.

Consolidated financial statements of the Port Authority for the fiscal year ending December 31, 1986 disclosed the following (amounts in thousands):

Financial Position

Total assets	$ 5,290,422
Total liabilities	(3,265,604)
Net assets	**$ 2,024,818**

Operating Results

Operating revenues	$ 1,169,586
Operating expenses	(937,820)
Depreciation and amortization	(156,727)
Income from operations	75,039
Financial income (expense), net	(38,500)
Income before extraordinary items	36,539
Extraordinary item:	
Gain on purchase of Port Authority bonds in connection with future sinking fund requirements	2,082
Net income	**$ 38,621**

Changes in Net Assets

Balance, January 1, 1986	**$ 1,954,498**
Net income	38,621
Federal contributions in aid of construction	31,699
Balance, December 31, 1986	**$ 2,024,818**

Except for Special Project bonds, the Authority's debt is secured by its full faith and credit, its reserve funds or a pledge of specific net revenues of certain leases. Special Project Bonds are secured by a lease on the financed properties, a mortgage by the lessee of its leasehold interests under the lease and by a security interest in certain items of the lessee's personal property to be located at the project. At December 31, 1986 Port Authority debt consisted of the following (amounts in thousands):

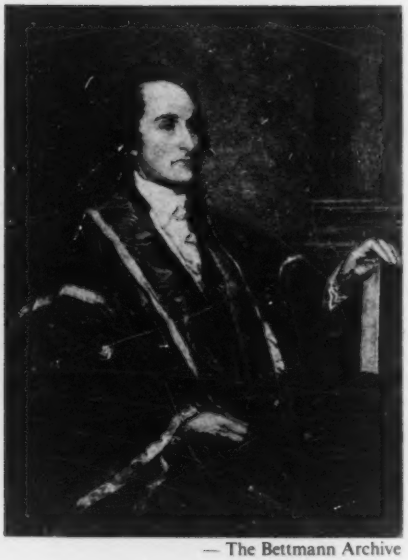
Consolidated bonds	$ 2,608,340
Consolidated notes	100,000
Special project bonds	96,500
	$ 2,804,840

Combining Financial Statements

MORTIMER ADLER • PHILIP ARMOR • GEORGE BAKER • JAMES BALDWIN • LYMAN BAUM • **THEODORE ROOSEVELT** • CATHERINE BEECHER • EDWARD BEECHER • RUTH BENEDICT • MILTON BERLE • HUMPHREY BOGART • JOSEPH BRADLEY • MATHEW BRADY • FANNIE BRICE • ARTHUR BRISBANE • MATTHEW BROWN • DANIEL BURNHAM • JOHN BURROUGHS • BENJAMIN CARDOZO • ROSCOE CONKLING • PETER COOPER • AARON COPLAND • AGNES DEMILLE • HERBERT CROLY • CLARENCE SHEPHARD • **FRANKLIN ROOSEVELT** • DOROTHY DAY • ANDREW DOWNING • RICHARD ELY • JOHN ERSKINE • PAUL FORD • PHILIP FRENEAU • RICHARD FURMAN • GEORGE GERSHWIN • **JOHN JAY** • LOUIS GODEY • GEORGE GOETHALS • BRET HARTE • JOSEPH HENRY • EDWARD HOPPER • JULIA HOWE • ROBERT HUTCHINS • **DEWITT CLINTON** • ROBERT INGERSOLL • GEORGE INNESS • HENRY JAMES • WILLIAM JAMES • DAVID JORDAN • EDWARD JUDSON • JAMES KENT • JOHN LA FARGE • IRVING LANGMUIR • EMMA LAZARUS • WALTER LIPPMANN • EDWARD LIVINGSTON • ROBERT LIVINGSTON • HENRY LLOYD • DAVID LOCKE • JAMES LOEB • EDWARD MACDOWELL • JAMES MACKAYE • ALFRED MAHAN • GROUCHO MARX • HERMAN MELVILLE • LEWIS MUMFORD • LEWIS MORGAN • GOVERNEUR MORRIS • **WASHINGTON IRVING** • HERMANN MILLER • OGDEN NASH • ALBERT NOCK • EUGENE O'NEILL • ROBERT OPPENHEIMER • THOMAS PLATT • GEORGE PULLMAN • WALTER RAUSCHENBUSCH • FREDERIC REMINGTON • THOMAS RICE • RICHARD ROGERS • ELIHU ROOT • JEROME SALINGER • JONAS SALK • MARGARET SANGER • HENRY SCHOOLCRAFT • PETE SEEGER • ROBERT SHERWOOD • LEE SHUBERT • JACOB SHUBERT • ISAAC SINGER • JEDIDIAH SMITH • LELAND STANFORD • HENRY STIMSON • HARRY SULLIVAN • CORNELIUS VANDERBILT • JAMES WALKER • THOMAS WATSON • THURLOW WEED • GEORGE WESTINGHOUSE • EDITH WHARTON • ANDREW WHITE • DAVID WHITE • ELWYN WHITE • STANFORD WHITE • WALTER WHITMAN • CHARLES WILKES • FRANCES WILLARD • FRANK WOOLWORTH • AMELIA BLOOMER • FRANK DOUBLEDAY • ANDREW DOWNING • JOHN BURROUGHS • EZRA CORNELL • GEORGE EASTMAN • WILLIAM FARGO • MILLARD FILLMORE • PETER GANSEVOORT • JAY GOULD • OTTO KELSEY • FIORELLA LAGUARDIA • JOHN ROCKEFELLER • ELEANOR ROOSEVELT • SOJOURNER TRUTH • GEORGE CLINTON • JOHN TAYLOR • MORGAN LEWIS • DANIEL TOMPKINS • JOSEPH YATES • MARTIN VAN BUREN • ENOS THROOP • WILLIAM SEWARD • WILLIAM BOUCK • HAMILTON FISH • WASHINGTON HUNT • HORATIO SEYMOUR • MYRON CLARK • JOHN KING • REUBEN FENTON • JOHN HOFFMAN • SAMUEL TILDEN • LUCIUS ROBINSON • ALONZO CORNELL • DAVID HILL • ROSWELL FLOWER • BENJAMIN ODELL • FRANK HIGGINS • CHARLES HUGHES • HORACE WHITE • JOHN DIX • MARTIN GLYNN • ALFRED E SMITH • NATHAN MILLER • HERBERT LEHMAN • AVERELL HARRIMAN • MALCOM WILSON • CARL ANDERSON • EDWIN COHN • THOMAS MCINTYRE • RICHARD HOE • THEOBALD SMITH • FRANK FRISCH • LOUIS GEHRIG • DENNIS BROUTHERS • JOHN EVERS • WAITE HOYT • EDWARD FORD • WARREN SPAHN • SALVATORE MAGLIE • EDMUND LOPAT • CARL YASTRZEMSKI • **ELIZABETH STANTON** • SANFORD KOUFAX • WILLIAM KEELER • HENRY GREENBERG • ASA GRAY • OSCAR HAMMERSTEIN II • LEARNED HAND • EDWARD HARRIMAN • MORRIS TREMAINE • ARTHUR LEVITT •

New York State and its native sons and daughters have contributed significantly to the remarkable success our country has achieved in 200 years, that is unparalleled in all of history. Whether in science, arts and letters, politics, industry, entertainment or sports, New Yorkers have left their mark. In this bicentennial year of our national Constitution, when it is time for all Americans to reflect on the contributions of those Americans responsible for our country's success, we honor all New Yorkers and their efforts.

From the many individuals who have made contributions to the State and Nation we have selected the following to portray in our Annual Report: DeWitt Clinton, Washington Irving, John Jay, Elizabeth Cady Stanton, Theodore Roosevelt, and Franklin Roosevelt.



— The Bettmann Archive

John Jay

While not as famous today as many of his contemporaries, John Jay had a remarkable public career. Except for the Presidency he held most of the high offices of state, negotiated the two significant treaties of his day and began the shaping of the Constitution as an instrument of national power. Born in New York on December 12, 1745 to a wealthy, aristocratic family, he attended schools in New Rochelle and later graduated from King's College. In 1773 he was secretary of the New York-New Jersey boundary commission. He was a member of both Continental Congresses and also served in the New York provincial Congress, where he drafted the State's first constitution. In 1777 John Jay became New York's first Chief Justice. He then became a member of Congress and served as its President beginning in December 1778.

As a diplomat John Jay was Minister to Spain; had a key role in writing the Treaty of Paris and served as Secretary of Foreign Affairs for six years under the Confederation. He was author of five of the "Federalist" papers that were instrumental in the ratification of the U. S. Constitution. In 1789 Jay became the first Chief Justice of the U.S. Supreme Court, where he was responsible for organizing the Court and establishing its procedures. He resigned from the court to become Governor of New York. During his term as Governor slaves in New York were freed and the state capital was moved to Albany. John Jay then retired to his farm near Bedford, where he died on May 17, 1829. John Jay was an extraordinary American and the naming of the John Jay College of Criminal Justice in his honor serves as a memorial to his contributions to our society.

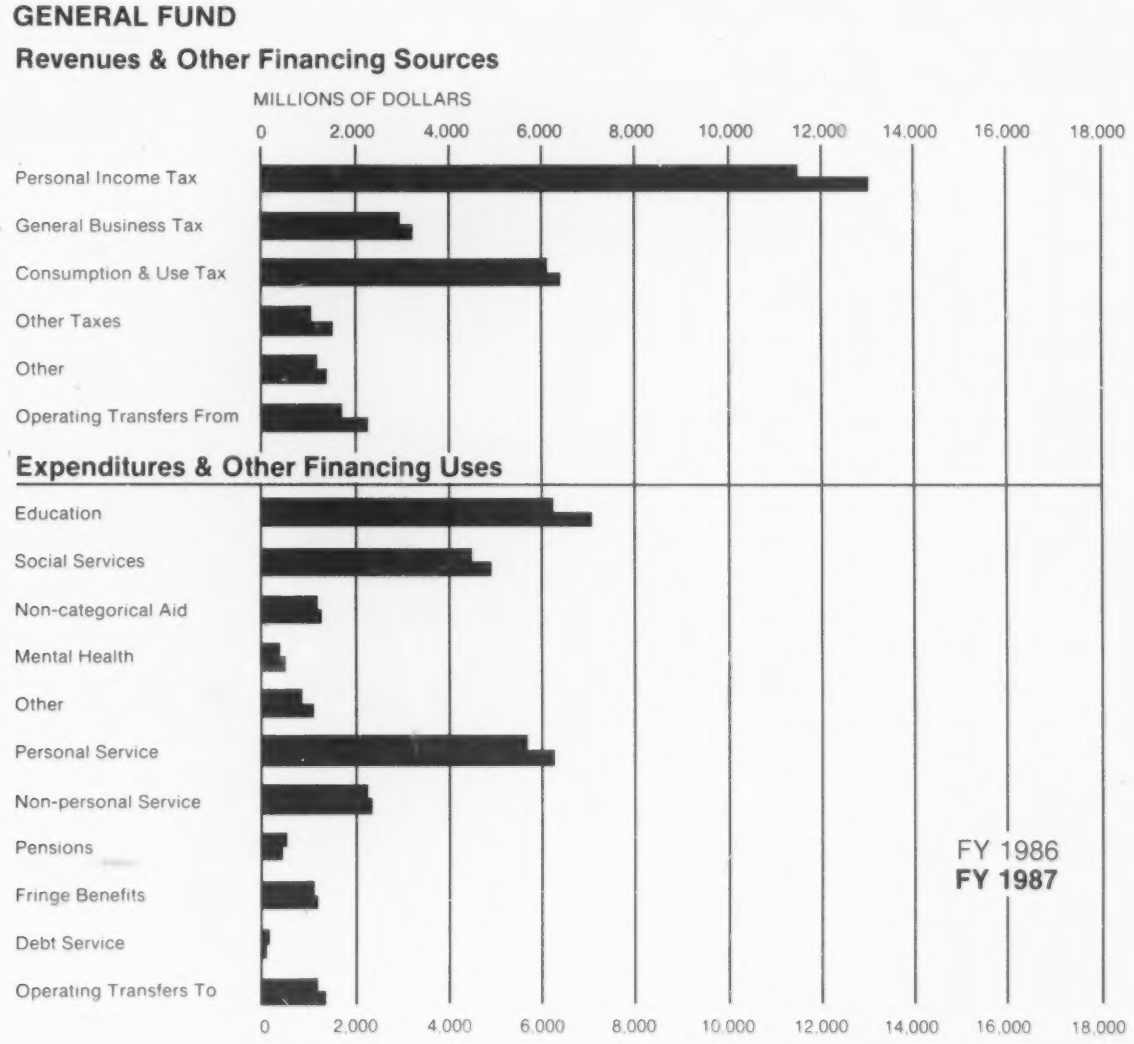
— The Bettmann Archive

General Fund

The General Fund is the most significant of the State's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund.

The General Fund is divided into several accounts. Expenditures in the form of aid to local governments for their general purposes (e.g., State-local revenue sharing) and to school districts and municipalities for certain specific purposes (e.g., education and social services) are made from the Local Assistance account. These payments, often based on specific legislated formulas, are nevertheless limited under the State Constitution to appropriations in force. Expenditures from the Local Assistance account normally comprise approximately 60% of General Fund expenditures.

The expenditures of operating the departments of the Executive Branch, the Legislature and the Judiciary, as well as expenditures for General State charges such as contributions to employee retirement systems, are paid primarily from the State Purposes account and normally comprise approximately one-third of the General Fund expenditures.



General Fund— Combining Balance Sheet

March 31, 1987
(Amounts in thousands) (Unaudited)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Centralized Services Account
ASSETS:				
Cash and marketable securities	$ 2,730	$ 422,329	$ 168,968	$ 10,432
Receivables net of allowances for uncollectibles:				
Taxes	—	3,927,112	—	—
Other	57,412	212,869	—	1,517
Due from other funds	13,565	75,736	32,405	23,557
Other assets	17,668	61,451	—	—
Total assets	**$ 91,375**	**$ 4,699,497**	**$ 201,373**	**$ 35,506**
LIABILITIES:				
Tax refunds payable	$ —	$ 3,040,512	$ —	$ —
Payable to local governments	3,486,148	31,398	—	—
Pension contributions payable	—	518,003	—	—
Accounts payable	2,487	169,884	—	11,482
Accrued liabilities	663,604	582,400	—	1,268
Due to other funds	14,603	129,988	—	43,387
Deferred revenues	—	56,740	—	—
Total liabilities	**4,166,842**	**4,528,925**	**—**	**56,137**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	143,882	187,786	—	14,621
Tax stabilization	—	—	201,373	—
Education accumulation	—	—	—	—
Other specified purposes	57,413	7,802	—	—
Unreserved:				
Undesignated	(4,276,762)	(25,016)	—	(35,252)
Total equity (deficit)	**(4,075,467)**	**170,572**	**201,373**	**(20,631)**
Commitments and contingencies				
Total liabilities and equity	**$ 91,375**	**$ 4,699,497**	**$ 201,373**	**$ 35,506**

Division for Youth Commissary Account	State Exposition Special Account	Correctional Services Commissaries Account	Correctional Services Arts and Crafts Account	Miscellaneous Enterprise Account	Miscellaneous Internal Service Account	Earmarked Revenue Account	Mental Hygiene Revolving Account
$ 88	$ 143	$ 3,941	$ 58	$ 165	$ 6	$ 460,120	$ 223
—	—	—	—	—	—	—	—
—	—	4	—	—	—	4,578	—
—	29	56	—	—	—	136,140	11
—	—	—	—	—	—	5	—
$ 88	**$ 172**	**$ 4,001**	**$ 58**	**$ 165**	**$ 6**	**$ 600,843**	**$ 234**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
6	140	741	—	29	—	39,615	62
—	14	—	—	—	—	39,243	52
—	14	—	—	5	—	19,786	48
—	—	—	—	—	—	54,144	—
6	**168**	**741**	**—**	**34**	**—**	**152,788**	**162**
2	24	—	—	—	—	30,778	80
—	—	—	—	—	—	—	—
—	—	—	—	—	—	431,400	—
—	—	—	—	—	—	569	—
80	(20)	3,260	58	131	6	(14,692)	(8)
82	**4**	**3,260**	**58**	**131**	**6**	**448,055**	**72**
$ 88	**$ 172**	**$ 4,001**	**$ 58**	**$ 165**	**$ 6**	**$ 600,843**	**$ 234**

General Fund— Combining Balance Sheet (cont'd)

March 31, 1987
(Amounts in thousands) (Unaudited)

	Division for Youth Vocational Education Account	Mental Health Facilities' Special Services Account	Mental Health Sheltered Workshop Account	Mental Retardation Sheltered Workshop Account	Mental Hygiene Community Stores Account	Supply Suport System Revolving Account
ASSETS:						
Cash and marketable securities	$ 26	$ 32	$ 1,099	$ 535	$ 2,830	$ 4,429
Receivables net of allowances for uricollectibles:						
Taxes	—	—	—	—	—	—
Other	—	—	3	205	99	25
Due from other funds	—	—	3	—	11	6,614
Other assets	—	—	—	—	—	—
Total assets	$ 26	$ 32	$ 1,105	$ 740	$ 2,940	$ 11,068
LIABILITIES:						
Tax refunds payable	$ —	$ —	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—	—	—
Pension contributions payable	—	—	—	—	—	—
Accounts payable	3	—	170	33	315	5,249
Accrued liabilities	—	—	—	—	99	1,109
Due to other funds	—	—	9	—	241	3,026
Deferred revenues	—	—	—	—	—	—
Total liabilities	3	—	179	33	655	9,384
EQUITY (DEFICIT):						
Fund balances (deficits):						
Reserved for:						
Encumbrances	—	—	45	33	277	11,708
Tax stabilization	—	—	—	—	—	—
Education accumulation	—	—	—	—	—	—
Other specified purposes	—	—	—	—	—	—
Unreserved:						
Undesignated	23	32	881	674	2,008	(10,024)
Total equity (deficit)	23	32	926	707	2,285	1,684
Commitments and contingencies						
Total liabilities and equity	$ 26	$ 32	$ 1,105	$ 740	$ 2,940	$ 11,068

Joint Labor-Management Administration Account	Audit and Control Revolving Account	Health Insurance Revolving Account	Correctional Industries Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Eliminations	Totals March 31, 1987	1986
$ 164	$ 1	$ —	$ 96	$ 407	$ 5,384	$ —	$ 1,084,206	$ 642,741
—	—	—	—	—	—	—	3,927,112	3,024,165
—	2,025	—	7,557	2	6,774	—	293,070	76,908
5	—	3,046	581	3	—	(142,453)	149,309	57,889
—	—	—	—	—	444	—	79,568	37,989
$ 169	**$ 2,026**	**$ 3,046**	**$ 8,234**	**$ 412**	**$ 12,602**	**$ (142,453)**	**$ 5,533,265**	**$ 3,839,692**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,040,512	$ 2,758,806
—	—	—	—	—	—	—	3,517,546	3,112,880
—	—	—	—	—	—	—	518,003	591,132
33	25	100	3,345	23	1,860	—	235,602	273,940
115	198	314	925	62	48	—	1,289,451	1,128,900
21	1,322	7,700	14,518	—	—	(142,453)	92,215	94,839
—	504	—	1,000	—	6,768	—	119,156	159,896
169	**2,049**	**8,114**	**19,788**	**85**	**8,676**	**(142,453)**	**5,812,485**	**8,120,393**
51	237	177	5,119	4	—	—	394,824	378,008
—	—	—	—	—	—	—	201,373	201,234
—	—	—	—	—	—	—	431,400	191,000
—	1,077	—	—	—	—	—	66,861	8,569
(51)	(1,337)	(5,245)	(16,673)	323	3,926	—	(4,373,678)	(5,059,512)
—	**(23)**	**(5,068)**	**(11,554)**	**327**	**3,926**	**—**	**(3,279,220)**	**(4,280,701)**
$ 169	**$ 2,026**	**$ 3,046**	**$ 8,234**	**$ 412**	**$ 12,602**	**$ (142,453)**	**$ 5,533,265**	**$ 3,839,692**

General Fund— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Centralized Services Account
REVENUES:				
Taxes:				
Personal income	$ —	$ 13,074,740	$ —	$ —
General business	—	3,272,365	—	—
Consumption and use	—	6,438,691	—	—
Other	—	1,518,308	—	—
Federal grants	—	56,116	—	3,448
Miscellaneous	4,843	893,873	—	127,231
Total revenues	**4,843**	**25,254,093**	**—**	**130,679**
EXPENDITURES:				
Grants to local governments:				
Education	6,931,925	—	—	—
Social services	4,914,349	—	—	—
Non-categorical aid	1,195,653	—	—	—
Health and environmental	181,520	—	—	—
Transportation	407,697	—	—	—
Mental hygiene	542,485	—	—	—
Criminal justice	153,985	—	—	—
Other programs	376,079	—	—	—
Operations of state departments and agencies:				
Personal service costs	317,722	4,309,072	—	15,918
Non-personal service costs	99,445	1,931,589	—	113,95
Pension contribution	—	540,971	—	—
Other fringe benefits	89,146	960,525	—	4,651
Debt service, including payments on financing agreements	—	151,710	—	—
Total expenditures	**15,210,006**	**7,893,867**	**—**	**134,526**
Excess (deficiency) of revenues over expenditures	**(15,205,163)**	**17,360,226**	**—**	**(3,847)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	15,266,701	449,339	139	—
Operating transfers to other funds	(517,163)	(16,632,828)	—	—
Net other financing sources (uses)	**14,749,538**	**(16,183,489)**	**139**	**—**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(455,625)	1,176,737	139	(3,847)
Fund balances (deficits) at April 1, 1986	(3,619,842)	(1,006,165)	201,234	(16,784)
Fund balances (deficits) at March 31, 1987	**$ (4,075,467)**	**$ 170,572**	**$ 201,373**	**$ (20,631)**

Division for Youth Commissary Account	State Exposition Special Account	Correctional Services Commissaries Account	Correctional Services Arts and Crafts Account	Miscellaneous Enterprise Account	Miscellaneous Internal Service Account	Earmarked Revenue Account	Mental Hygiene Revolving Account
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	11,000	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	2,567	—
122	4,633	17,446	1,661	804	—	388,330	1,843
122	**4,633**	**17,446**	**1,661**	**804**	**—**	**401,897**	**1,843**
—	—	—	—	—	—	191,000	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	11,349	—
—	1,143	—	—	—	—	1,516,226	651
104	3,476	16,009	1,578	898	17	349,368	1,044
—	—	—	—	—	—	—	—
—	51	—	—	—	—	63,398	191
—	—	—	—	—	—	—	—
104	**4,670**	**16,009**	**1,578**	**898**	**17**	**2,131,341**	**1,886**
18	**(37)**	**1,437**	**83**	**(94)**	**(17)**	**(1,729,444)**	**(43)**
—	—	—	—	—	—	2,019,416	—
—	—	—	—	—	—	(177)	—
—	**—**	**—**	**—**	**—**	**—**	**2,019,239**	**—**
18	(37)	1,437	83	(94)	(17)	289,795	(43)
64	41	1,823	(25)	225	23	158,260	115
$ 82	**$ 4**	**$ 3,260**	**$ 58**	**$ 131**	**$ 6**	**$ 448,055**	**$ 72**

General Fund— Combining Statement of Revenues, Expenditures and Changes in Fund Balances (cont'd)

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Division for Youth Vocational Education Account	Mental Health Facilities Special Services Account	Mental Health Sheltered Workshop Account	Mental Retardation Sheltered Workshop Account	Mental Hygiene Community Stores Account	Supply Suport System Revolving Account
REVENUES:						
Taxes:						
Personal income	$ —	$ —	$ —	$ —	$ —	$ —
General business	—	—	—	—	—	—
Consumption and use	—	—	—	—	—	—
Other	—	—	—	—	—	—
Federal grants	—	—	—	—	—	—
Miscellaneous	31	10	2,193	722	6,395	78,347
Total revenues	**31**	**10**	**2,193**	**722**	**6,395**	**78,347**
EXPENDITURES:						
Grants to local governments:						
Education	—	—	—	—	—	—
Social services	—	—	—	—	—	—
Non-categorical aid	—	—	—	—	—	—
Health and environmental	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Mental hygiene	—	—	—	—	—	—
Criminal justice	—	—	—	—	—	—
Other programs	—	—	—	—	—	—
Operations of state departments and agencies:						
Personal service costs	—	—	1,455	6	1,636	13,960
Non-personal service costs	18	9	614	502	4,091	66,362
Pension contribution	—	—	—	—	—	—
Other fringe benefits	—	—	—	—	492	4,095
Debt service, including payments on financing agreements	—	—	—	—	—	—
Total expenditures	**18**	**9**	**2,069**	**508**	**6,219**	**84,417**
Excess (deficiency) of revenues over expenditures	**13**	**1**	**124**	**214**	**176**	**(6.070)**
OTHER FINANCING SOURCES (USES):						
Operating transfers from other funds	—	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—	—
Net other financing sources (uses)	**—**	**—**	**—**	**—**	**—**	**—**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	13	1	124	214	176	(6,070)
Fund balances (deficits) at April 1, 1986	10	31	802	493	2,109	7,754
Fund balances (deficits) at March 31, 1987	**$ 23**	**$ 32**	**$ 926**	**$ 707**	**$ 2,285**	**$ 1,684**

Joint Labor-Management Administration Account	Audit and Control Revolving Account	Health Insurance Revolving Account	Correctional Industries Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Eliminations	Totals Year Ended March 31, 1987	1986
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 13,074,740	$ 11,506,741
—	—	—	—	—	—	—	3,283,365	2,911,591
—	—	—	—	—	—	—	6,438,691	6,114,953
—	—	—	—	—	—	—	1,518,308	1,115,309
—	—	—	—	—	36	—	62,167	90,411
1,728	375	2,302	54,087	1,239	46,641	(258,981)	1,375,875	1,149,073
1,728	**375**	**2,302**	**54,087**	**1,239**	**46,677**	**(258,981)**	**25,753,146**	**22,888,078**
—	—	—	—	—	—	—	7,122,925	6,243,307
—	—	—	—	—	—	—	4,914,349	4,422,980
—	—	—	—	—	—	—	1,195,653	1,150,035
—	—	—	—	—	—	—	181,520	145,151
—	—	—	—	—	—	—	407,697	324,011
—	—	—	—	—	—	—	542,485	463,649
—	—	—	—	—	—	—	153,985	161,410
—	—	—	—	—	—	—	387,428	290,698
1,384	506	4,100	14,825	818	124,809	—	6,324,231	5,820,178
335	6	1,066	34,728	358	38,235	(258,981)	2,404,828	2,298,308
—	—	—	—	—	—	—	540,971	549,828
9	299	1,191	4,310	103	32,614	—	1,161,075	1,095,595
—	—	—	—	—	—	—	151,710	218,516
1,728	**811**	**6,357**	**53,863**	**1,279**	**195,658**	**(258,981)**	**25,488,857**	**23,183,666**
—	**(436)**	**(4,055)**	**224**	**(40)**	**(148,981)**	**—**	**264,289**	**(295,588)**
—	—	3,046	—	—	148,719	(15,711,414)	2,175,946	1,727,022
—	—	—	—	—	—	15,711,414	(1,438,754)	(1,275,360)
—	**—**	**3,046**	**—**	**—**	**148,719**	**—**	**737,192**	**451,662**
—	(436)	(1,009)	224	(40)	(262)	—	1,001,481	156,074
—	413	(4,059)	(11,778)	367	4,188	—	(4,280,701)	(4,436,775)
$ —	**$ (23)**	**$ (5,068)**	**$ (11,554)**	**$ 327**	**$ 3,926**	**$ —**	**$ (3,279,220)**	**$ (4,280,701)**

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Washington Irving

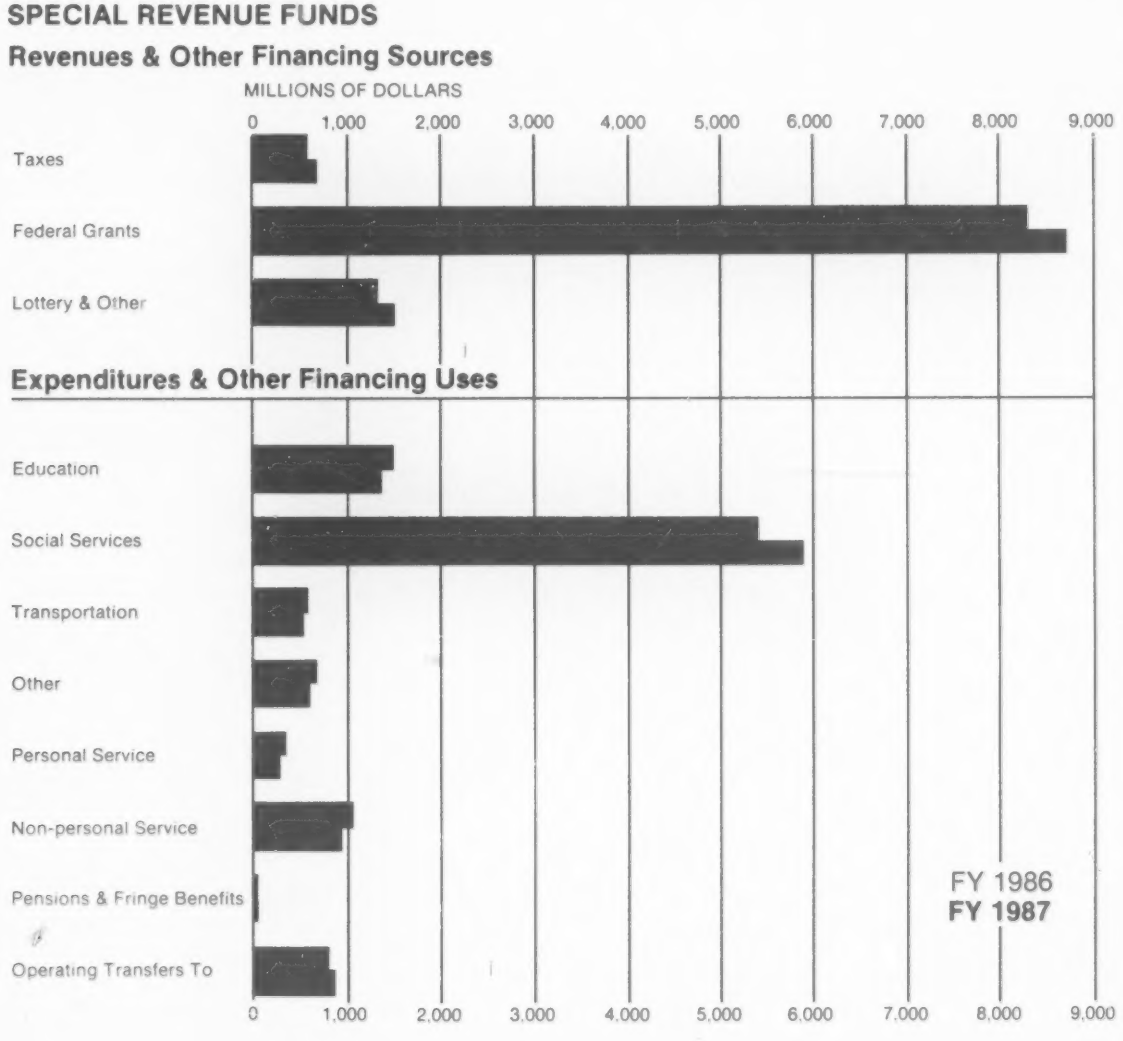
Washington Irving was the first American to gain an international reputation as a man of letters and to make writing his full-time profession. He was born April 3, 1783 in New York City. While he grew up in an atmosphere of learning and refinement, he cared little for school; preferring travel and the gay life of cosmopolitan New York. Although he was admitted to the bar, he found writing more to his liking. His early works were satires and essays and included "Knickerbocker's History of New York," which was a comic history of Dutch New York.

His involvement in the family importing business caused him to spend much time in Europe, where he continued his writing. He became the first American writer to win wide acclaim in Europe. "Rip Van Winkle", "The Legend of Sleepy Hollow" and "The Spectre Bridgegroom" have been recognized as the first modern short stories. In 1830 he was given a Doctor of Laws degree by Oxford. He served as minister to Spain from 1842-46. Later in life he held court to the leading literary figures of his day at "Sunnyside", his home on the Hudson, near Tarrytown, New York. His later works were mainly biographical and included the five-volume "George Washington". He died on November 28, 1859 leaving history to recognize Washington Irving as America's first great literary talent.

Special Revenue Funds

Special Revenue Funds contain the largest number of individual funds, and cover a broad range of State operations (e.g., hunting and fishing licenses, special Federal grants, etc.). These funds derive their revenues largely from grants or user fees which are earmarked for specific types of expenditures, and from Federal funds received for certain State operations or for "pass-through" to local governments under State-administered Federal programs. Until fiscal 1982-83 these funds had been largely omitted from the budgetary and appropriation process.

SPECIAL REVENUE FUNDS



Special Revenue Funds—Combining Balance Sheet

March 31, 1987
(Amounts in thousands) (Unaudited)

	State Lottery	Miscellaneous Federal Agency	Federal DHHS	Federal DHHS Block Grant	Federal Operating Grants
ASSETS:					
Cash and marketable securities	$ 17,351	$ 1,243	$ 485	$ 1,400	$ 246,949
Receivables net of allowances for uncollectibles:					
Taxes	—	—	—	—	—
Due from Federal government	—	—	1,190,216	64,591	122,976
Other	30,780	—	—	—	[1]1,221
Due from other funds	—	—	1,046	3,307	815
Other assets	—	—	3,348	104	3
Total assets	**$ 48,131**	**$ 1,243**	**$ 1,195,095**	**$ 69,402**	**$ 371,964**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ —
Payable to local governments	—	—	256,187	59,205	103,078
Accounts payable	1,551	—	15,718	2,526	5,417
Accrued liabilities	416	—	861,372	2,422	14,376
Due to other funds	3,984	—	61,818	5,249	16,470
Deferred revenues	—	1,243	—	—	25
Total liabilities	**5,951**	**1,243**	**1,195,095**	**69,402**	**139,366**
EQUITY (DEFICIT):					
Fund balances (deficits):					
Reserved for:					
Encumbrances	2,086	117	10,118	9,163	23,920
Unreserved:					
Designated	40,094	(117)	(10,118)	(9,163)	208,678
Total equity (deficit)	**42,180**	**—**	**—**	**—**	**232,598**
Commitments and contingencies					
Total liabilities and equity	**$ 48,131**	**$ 1,243**	**$ 1,195,095**	**$ 69,402**	**$ 371,964**

Federal Emergency Jobs	Conservation	Environmental Protection and Oil Spill Compensation	OSHA Training and Education Safety	Clients Security	Citizen and Taxpayer Suit	Hazardous Waste Remedial	Mass Transportation Operating Assistance	Legislative Computer Services R&D
$ 481	$ 6,048	$ 14,177	$ 2,885	$ 4,304	$ 10	$ 34,511	$ 340,416	$ 1,841
—	—	—	—	—	—	—	49,239	—
473	—	—	—	—	—	—	—	—
—	32	68	2	21	—	171	944	9
—	1,348	—	—	—	—	31	34,385	—
—	—	—	—	—	—	—	—	—
$ 954	**$ 7,428**	**$ 14,245**	**$ 2,887**	**$ 4,325**	**$ 10**	**$ 34,713**	**$ 424,984**	**$ 1,850**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 8,459	$ —
—	—	—	—	—	—	—	345	—
7	347	2,175	570	1	—	829	17,371	—
—	1,193	146	741	6	—	306	—	—
947	2,486	168	2	8	—	712	—	—
—	—	—	—	—	—	—	—	—
954	**4,026**	**2,489**	**1,313**	**15**	**—**	**1,847**	**26,175**	**—**
1,824	1,124	1,078	2,320	3	—	10,914	806	—
(1,824)	2,278	10,678	(746)	4,307	10	21,952	398,003	1,850
—	**3,402**	**11,756**	**1,574**	**4,310**	**10**	**32,866**	**398,809**	**1,850**
$ 954	**$ 7,428**	**$ 14,245**	**$ 2,887**	**$ 4,325**	**$ 10**	**$ 34,713**	**$ 424,984**	**$ 1,850**

Special Revenue Funds— Combining Balance Sheet (cont'd)

March 31, 1987
(Amounts in thousands) (Unaudited)

	Employment Training Fund (Job Training Partnership Act)	Substance Abuse Service	Vocational Rehabilitation	Unemployment Insurance Administration
ASSETS:				
Cash and marketable securities	$ 69	$ 491	$ 159	$ 332
Receivables net of allowances for uncollectibles:				
Taxes	—	—	—	—
Due from Federal government	—	—	—	22,480
Other	—	2	1	—
Due from other funds	—	—	—	1,234
Other assets	—	—	—	653
Total assets	$ 69	$ 493	$ 160	$ 24,699
LIABILITIES:				
Tax refunds payable	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—
Accounts payable	10	—	—	4,568
Accrued liabilities	18	—	—	11,207
Due to other funds	21	—	160	8,924
Deferred revenues	—	—	—	—
Total liabilities	49	—	160	24,699
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	37	—	—	8,882
Unreserved:				
Designated	(17)	493	—	(8,882)
Total equity (deficit)	20	493	—	—
Commitments and contingencies				
Total liabilities and equity	$ 69	$ 493	$ 160	$ 24,699

Unemployment Insurance Interest and Penalty	Unemployment Insurance Occupational Training	Federal Job Training Partnership	Sole Custody	Totals March 31, 1987	1986
$ 363	$ —	$ 799	$ 9	$ 674,323	$ 386,531
—	—	—	—	49,239	40,353
—	293	1,915	—	1,402,944	1,321,971
—	—	—	—	33,251	26,157
2	—	64	—	42,232	80,727
—	—	—	—	4,108	1,579
$ 365	**$ 293**	**$ 2,778**	**$ 9**	**$ 2,206,097**	**$ 1,857,318**
$ —	$ —	$ —	$ —	$ 8,459	$ 5,196
—	—	—	—	418,815	410,487
219	—	1,897	—	53,206	117,687
2	—	90	—	892,295	766,233
280	293	791	—	102,313	81,471
—	—	—	—	1,268	3,060
501	**293**	**2,778**	**—**	**1,476,356**	**1,384,134**
492	—	2,324	—	75,208	61,093
(628)	—	(2,324)	9	654,533	412,091
(136)	**—**	**—**	**9**	**729,741**	**473,184**
$ 365	**$ 293**	**$ 2,778**	**$ 9**	**$ 2,206,097**	**$ 1,857,318**

Special Revenue Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	State Lottery	Miscellaneous Federal Agency	Federal DHHS	Federal DHHS Block Grant
REVENUES:				
Taxes:				
General business	$ —	$ —	$ —	$ —
Consumption and use	—	—	—	—
Federal grants	—	10,306	6,977,590	602,148
Lottery	1,383,196	—	—	—
Miscellaneous	—	—	15,000	—
Total revenues	**1,383,196**	**10,306**	**6,992,590**	**602,148**
EXPENDITURES:				
Grants to local governments:				
Education	654,228	—	413,946	23,823
Social services	—	—	5,382,423	415,228
Health and environmental	—	—	5,507	30,666
Transportation	—	—	—	—
Mental hygiene	—	—	—	34,264
Criminal justice	—	—	—	—
Other programs	—	9,901	46,574	40,303
Operations of state departments and agencies:				
Personal service costs	5,211	—	109,508	24,510
Non-personal service costs	701,433	405	183,052	28,711
Pension contributions	617	—	13,878	2,161
Other fringe benefits	919	—	20,678	3,221
Total expenditures	**1,362,408**	**10,306**	**6,175,566**	**602,890**
Excess (deficiency) of revenues over expenditures	**20,788**	**—**	**817,024**	**(742)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	—	—	1,038
Operating transfers to other funds	—	—	(817,024)	(296)
Net other financing sources (uses)	**—**	**—**	**(817,024)**	**742**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	20,788	—	—	—
Fund balances (deficits) at April 1, 1986	21,392	—	—	—
Fund balances (deficits) at March 31, 1987	$ 42,180	$ —	$ —	$ —

Federal Operating Grants	Federal Emergency Jobs	Conservation	Environmental Protection and Oil Spill Compensation	OSHA Training and Education Safety	Clients Security	Citizen and Taxpayer Suit	Hazardous Waste Remedial	Mass Transportation Operating Assistance
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 485,253
—	—	—	—	—	—	—	—	199,484
708,349	2,000	67	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
13,521	—	25,694	18,688	2,843	3,336	10	12,539	9,130
721,870	**2,000**	**25,761**	**18,688**	**2,843**	**3,336**	**10**	**12,539**	**693,867**
246,212	730	—	—	—	—	—	—	—
107,934	—	—	—	—	—	—	—	—
126,927	—	—	—	—	—	—	—	—
438	—	—	—	—	—	—	—	547,407
117	35	—	—	—	—	—	—	—
7,065	—	—	—	—	—	—	—	—
36,473	59	—	—	—	—	—	—	—
51,890	—	14,973	1,837	314	117	—	3,164	—
41,256	1,007	6,717	7,032	2,931	60	—	6,605	62
5,995	—	1,759	—	—	367	—	—	—
8,932	—	2,621	606	—	548	—	865	—
633,239	**1,831**	**26,070**	**9,475**	**3,245**	**1,092**	**—**	**10,634**	**547,469**
88,631	**169**	**(309)**	**9,213**	**(402)**	**2,244**	**10**	**1,905**	**146,398**
—	100	—	—	—	—	—	15,323	—
(15,908)	(269)	—	(11,000)	—	—	—	—	—
(15,908)	**(169)**	**—**	**(11,000)**	**—**	**—**	**—**	**15,323**	**—**
72,723	—	(309)	(1,787)	(402)	2,244	10	17,228	146,398
159,875	—	3,711	13,543	1,976	2,066	—	15,638	252,411
$ 232,598	**$ —**	**$ 3,402**	**$ 11,756**	**$ 1,574**	**$ 4,310**	**$ 10**	**$ 32,866**	**$ 398,809**

Special Revenue Funds—Combining Statement of Revenues, Expenditures and Changes in Fund Balances (cont'd)

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Legislative Computer Services R&D	Employment Training Fund (Job Training Partnership Act)	Substance Abuse Service	Vocational Rehabilitation
REVENUES:				
Taxes:				
General business	$ —	$ —	$ —	$ —
Consumption and use	—	—	—	—
Federal grants	—	—	—	—
Lottery	—	—	—	—
Miscellaneous	791	447	400	178
Total revenues	791	447	400	178
EXPENDITURES:				
Grants to local governments:				
Education	—	—	—	—
Social services	—	—	—	—
Health and environmental	—	—	—	—
Transportation	—	—	—	—
Mental hygiene	—	—	—	—
Criminal justice	—	—	—	—
Other programs	—	—	—	—
Operations of state departments and agencies:				
Personal service costs	—	301	—	109
Non-personal service costs	—	93	—	27
Pension contributions	—	—	—	—
Other fringe benefits	—	67	—	—
Total expenditures	—	461	—	136
Excess (deficiency) of revenues over expenditures	791	(14)	400	42
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	—	—	—
Operating transfers to other funds	—	—	—	—
Net other financing sources (uses)	—	—	—	—
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	791	(14)	400	42
Fund balances (deficits) at April 1, 1986	1,059	34	93	(42)
Fund balances (deficits) at March 31, 1987	$ 1,850	$ 20	$ 493	$ —

Unemployment Insurance Administration	Unemployment Insurance Interest and Penalty	Unemployment Insurance Occupational Training	Federal Job Training Partnership	Sole Custody	Eliminations	Totals Year Ended March 31, 1987	1986
$ —	$ —	$ —	$ —	$ —	$ —	$ 485,253	$ 394,361
—	—	—	—	—	—	199,484	183,132
206,681	—	15,788	194,787	—	—	8,717,716	8,304,174
—	—	—	—	—	—	1,383,196	1,245,384
16,565	5,795	—	—	291	—	125,228	100,610
223,246	**5,795**	**15,788**	**194,787**	**291**	**—**	**10,910,877**	**10,227,661**
—	—	—	14,746	—	—	1,353,685	1,481,745
—	—	—	—	—	—	5,905,585	5,384,279
—	—	—	—	—	—	163,100	154,594
—	—	—	—	—	—	547,845	578,913
—	—	—	—	—	—	34,416	30,729
—	—	—	—	—	—	7,065	1,637
—	—	—	161,861	—	—	295,171	339,894
147,692	1,297	—	1,787	—	—	362,713	348,502
40,457	5,689	15,788	6,593	291	—	1,048,209	946,695
17,931	—	—	—	—	—	42,708	41,304
26,718	364	—	416	—	—	65,955	65,162
232,798	**7,350**	**15,788**	**185,403**	**291**	**—**	**9,826,452**	**9,373,454**
(9,552)	**(1,555)**	**—**	**9,384**	**—**	**—**	**1,084,425**	**854,207**
9,552	—	—	—	—	(21,691)	4,322	133,580
—	—	—	(9,384)	—	21,691	(832,190)	(818,272)
9,552	**—**	**—**	**(9,384)**	**—**	**—**	**(827,868)**	**(684,692)**
—	(1,555)	—	—	—	—	256,557	169,515
—	1,419	—	—	9	—	473,184	303,669
$ —	$ (136)	$ —	$ —	$ 9	$ —	$ 729,741	$ 473,184

Special Revenue Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis-Financial Plan and Actual

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	State Lottery			Federal DHHS		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	706,000	706,800	800	15,000	15,000	—
Federal grants	—	—	—	6,689,000	6,905,000	216,000
Total receipts	706,000	706,800	800	6,704,000	6,920,000	216,000
DISBURSEMENTS:						
Grants to local governments	654,000	654,000	—	5,587,000	5,789,300	(202,300)
Departmental operations	42,000	39,300	2,700	219,000	288,700	(69,700)
General state charges	2,000	1,600	400	44,000	32,800	11,200
Capital projects	—	—	—	—	—	—
Total disbursements	698,000	694,900	3,100	5,850,000	6,110,800	(260,800)
Receipts over (under) disbursements	8,000	11,900	3,900	854,000	809,200	(44,800)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	4,000	—	(4,000)	—	—	—
Transfers to other funds	—	(200)	(200)	(854,000)	(809,400)	44,600
Net other financing sources (uses)	4,000	(200)	(4,200)	(854,000)	(809,400)	44,600
Receipts and other financing sources over (under) disbursements and other financing uses	12,000	11,700	(300)	—	(200)	(200)
Fund balances at April 1, 1986	5,600	5,600	—	1,800	1,800	—
Fund balances at March 31, 1987	$ 17,600	$ 17,300	$ (300)	$ 1,800	$ 1,600	$ (200)

Federal DHHS Block Grant			Federal Operating Grants		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	11,000	13,300	2,300
578,000	612,900	34,900	734,000	699,000	(35,000)
578,000	**612,900**	**34,900**	**745,000**	**712,300**	**(32,700)**
534,000	552,700	(18,700)	505,000	529,200	(24,200)
38,000	52,800	(14,800)	176,000	83,900	92,100
6,000	6,800	(800)	15,000	11,200	3,800
—	—	—	—	—	—
578,000	**612,300**	**(34,300)**	**696,000**	**624,300**	**[illegible],700**
—	**600**	**600**	**49,000**	**88,000**	**39,000**
—	—	—	—	—	—
—	—	—	(13,000)	(13,800)	(800)
—	**—**	**—**	**(13,000)**	**(13,800)**	**(800)**
—	**600**	**600**	**36,000**	**74,200**	**38,200**
(200)	(200)	—	175,300	175,300	—
$ (200)	**$ 400**	**$ 600**	**$ 211,300**	**$ 249,500**	**$ 38,200**

Special Revenue Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis-Financial Plan and Actual (cont'd)

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Mass Transportation Operating Assistance			Earmarked Revenue Account		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 649,000	$ 661,900	$ 12,900	$ 11,000	$ 11,000	$ —
Miscellaneous	10,000	8,800	(1,200)	863,000	804,600	(58,400)
Federal grants	—	—	—	17,000	5,100	(11,900)
Total receipts	**659,000**	**670,700**	**11,700**	**891,000**	**820,700**	**(70,300)**
DISBURSEMENTS:						
Grants to local governments	548,000	545,700	2,300	201,000	200,100	900
Departmental operations	—	100	(100)	1,946,000	1,866,700	79,300
General state charges	—	—	—	67,000	62,500	4,500
Capital projects	—	—	—	—	—	—
Total disbursements	**548,000**	**545,800**	**2,200**	**2,214,000**	**2,129,300**	**84,700**
Receipts over (under) disbursements	**111,000**	**124,900**	**13,900**	**(1,323,000)**	**(1,308,600)**	**14,400**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	—	50,600	50,600	1,622,000	1,587,000	(35,000)
Transfers to other funds	—	—	—	(29,000)	(100,600)	(71,600)
Net other financing sources (uses)	**—**	**50,600**	**50,600**	**1,593,000**	**1,486,400**	**(106,600)**
Receipts and other financing sources over (under) disbursements and other financing uses	**111,000**	**175,500**	**64,500**	**270,000**	**177,800**	**(92,200)**
Fund balances at April 1, 1986	127,400	127,400	—	260,700	260,700	—
Fund balances at March 31, 1987	**$ 238,400**	**$ 302,900**	**$ 64,500**	**$ 530,700**	**$ 438,500**	**$ (92,200)**

Other			Total Special Revenue		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ 660,000	$ 672,900	$ 12,900
86,000	87,600	1,600	1,691,000	1,636,100	(54,900)
444,000	419,700	(24,300)	8,462,000	8,641,700	179,700
530,000	**507,300**	**(22,700)**	**10,813,000**	**10,950,700**	**137,700**
195,000	176,700	18,300	8,224,000	8,447,700	(223,700)
269,000	258,400	10,600	2,690,000	2,589,900	100,100
54,000	53,000	1,000	188,000	167,900	20,100
21,000	4,700	16,300	21,000	4,700	16,300
539,000	**492,800**	**46,200**	**11,123,000**	**11,210,200**	**(87,200)**
(9,000)	**14,500**	**23,500**	**(310,000)**	**(259,500)**	**50,500**
20,000	4,300	(15,700)	1,646,000	1,641,900	(4,100)
—	—	—	(896,000)	(924,000)	(28,000)
20,000	**4,300**	**(15,700)**	**750,000**	**717,900**	**(32,100)**
11,000	**18,800**	**7,800**	**440,000**	**458,400**	**18,400**
307,500	307,500	—	617,400	617,400	—
$ 318,500	**$ 326,300**	**$ 7,800**	**$ 1,057,400**	**$ 1,075,800**	**$ 18,400**

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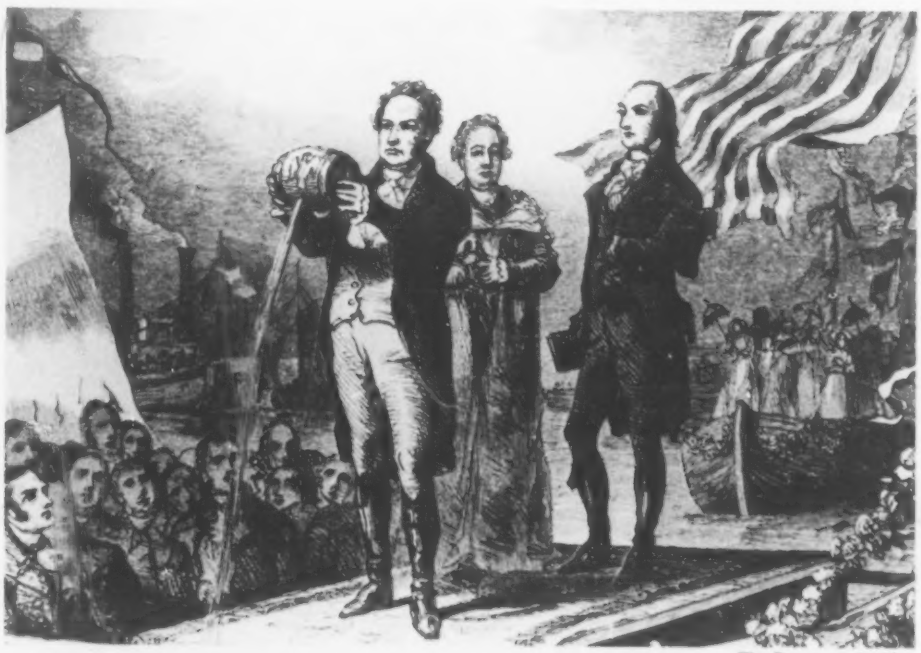
DeWitt Clinton

DeWitt Clinton will always be associated with "Clinton's Ditch"—the Erie Canal. The opening of the Erie Canal in October 1825 was a significant event in our young country's history. The canal was 544 miles long and took eight years to build at a cost of over seven million dollars. While the Erie Canal was a remarkable achievement, Clinton served the people of New York in various capacities for over a quarter of a century. He was popular with the people due in part to his commitment to establishing a free public school system, recognizing human and religious rights and the importance of historic research and preservation.

Born in Little Britain in Orange County on March 2, 1769, Dewitt was educated at a local Presbyterian school and at the Kingston Academy, before entering Columbia College. In 1786 he graduated from Columbia at the head of his class; studied law, and then became private secretary to his uncle George Clinton, who was New York State's first governor. He was elected to the Assembly in 1797 and the Senate in 1798. DeWitt Clinton was elected to the U.S. Senate in 1802, but only served a few months; resigning to become Mayor of New York City. Except for two years he was mayor from 1803 through 1815, and at the same time served in the State Senate (1806-1811) and as lieutenant governor (1811-1813). After unsuccessfully running for president against James Madison, most of the rest of his life was devoted to the promotion and the building of the Erie Canal. He served as Canal Commissioner and subsequently was elected Governor, serving as the sixth (1817-23) and the eighth Governor. During his second tenure as Governor, he was in failing health and died suddenly on February 11, 1828.



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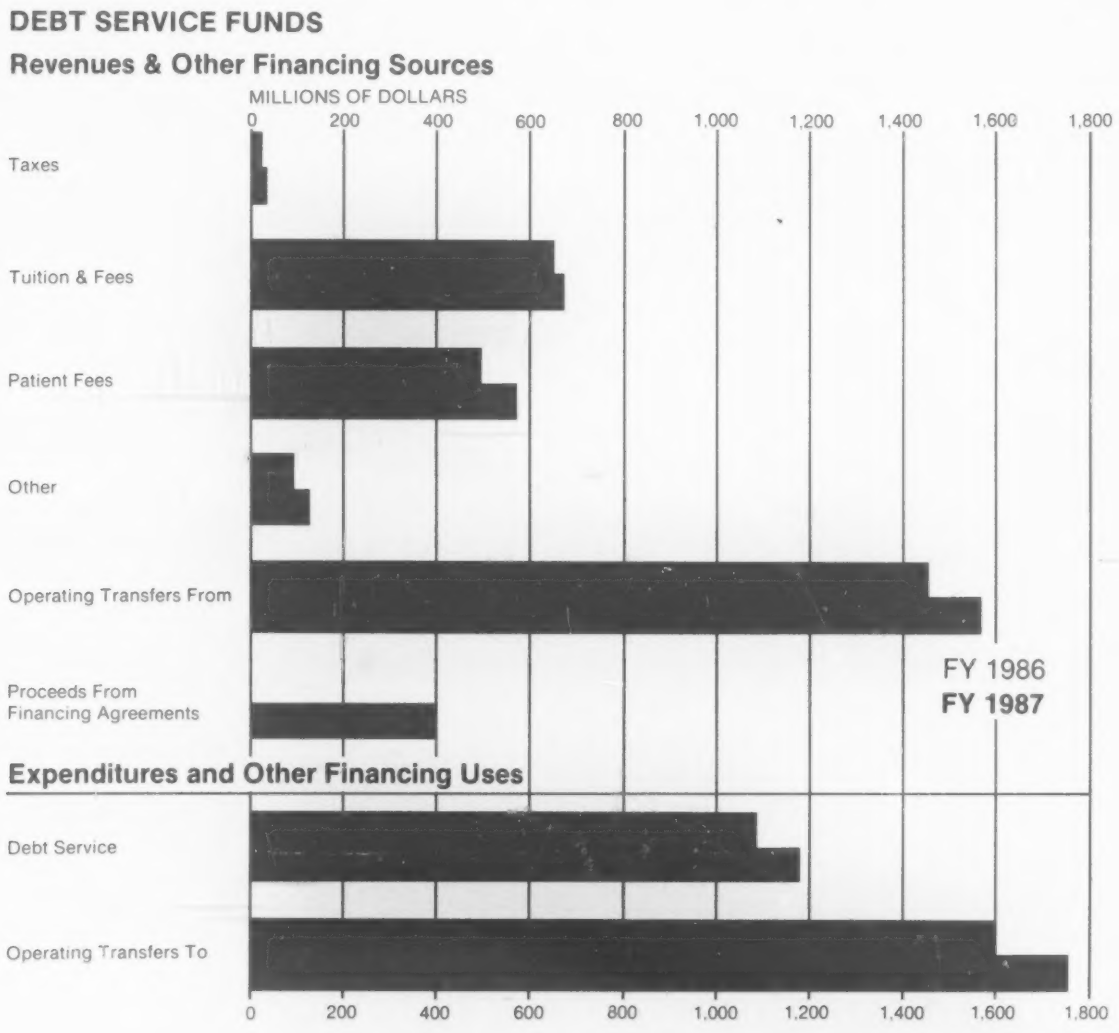
Debt Service Funds

Debt Service Funds account for monies received for the purpose of paying principal and interest on State debt.



Debt Service Funds—Combining Balance Sheet

March 31, 1987
(Amounts in thousands) (Unaudited)

	General Debt Service	Grade Crossing Elimination	State Housing Debt	Department of Health Income	Emergency Highway Reconditioning and Preservation
ASSETS:					
Cash and marketable securities	$ 18,036	$ 830	$ —	$ 12,156	$ 10,753
Receivables, net of allowance for uncollectibles:					
Other	—	1,090	8,541	16,325	—
Due from other funds	—	—	35	—	—
Total assets	**$ 18,036**	**$ 1,920**	**$ 8,576**	**$ 28,481**	**$ 10,753**
LIABILITIES:					
Accounts payable	$ 822	$ —	$ —	$ —	$ —
Accrued liabilities	—	—	—	—	—
Due to other funds	—	—	5,078	—	—
Deferred revenues	—	831	10,957	—	—
Total liabilities	**822**	**831**	**16,035**	**—**	**—**
EQUITY:					
Fund balances:					
Reserved for:					
Debt service	17,214	—	—	—	—
Unreserved:					
Designated	—	1,089	(7,459)	28,481	10,753
Total equity (deficit)	**17,214**	**1,089**	**(7,459)**	**28,481**	**10,753**
Commitments and contingencies					
Total liabilities and equity	**$ 18,036**	**$ 1,920**	**$ 8,576**	**$ 28,481**	**$ 10,753**

State University Dormitory Income	Emergency Highway Construction and Reconstruction	State University Income	CUNY Construction	State University Construction	Facilities Development Corporation	Sole Custody	Totals March 31, 1987	1986
$ 21,040	$ 1	$ 131,065	$ 5,585	$ 295,072	$ 120,307	$ 478,040	$ 1,092,885	$ 642,145
4,006	—	86,754	4	5,530	175,694	—	297,944	232,466
1,412	—	17,427	—	—	--	—	18,874	8,926
$ 26,458	**$ 1**	**$ 235,246**	**$ 5,589**	**$ 300,602**	**$ 296,001**	**$ 478,040**	**$ 1,409,703**	**$ 883,537**
$ —	$ —	$ 99	$ 247	$ —	$ —	$ —	$ 1,168	$ 130
—	—	—	—	—	—	—	—	456
39	—	5,727	—	—	—	—	10,844	1,338
18,177	—	43,146	—	—	27,270	—	100,381	59,721
18,216	**—**	**48,972**	**247**	**—**	**27,270**	**—**	**112,393**	**61,645**
—	—	—	—	222,899	100,520	477,685	818,318	323,222
8,242	1	186,274	5,342	77,703	168,211	355	478,992	498,670
8,242	**1**	**186,274**	**5,342**	**300,602**	**268,731**	**478,040**	**1,297,310**	**821,892**
$ 26,458	**$ 1**	**$ 235,246**	**$ 5,589**	**$ 300,602**	**$ 296,001**	**$ 478,040**	**$ 1,409,703**	**$ 883,537**

Debt Service Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	General Debt Service	Grade Crossing Elimination	State Housing Debt	Department of Health Income	Emergency Highway Reconditioning and Preservation	State University Dormitory Income
REVENUES:						
Consumption and use taxes	$ —	$ —	$ —	$ —	$ 15,209	$ —
Federal grants	—	—	11,957	—	—	871
Tuition and fees	—	—	—	—	—	103,094
Patient fees	—	—	—	64,086	—	—
Miscellaneous	—	1,396	15,649	1,431	798	6,928
Total revenues	**—**	**1,396**	**27,606**	**65,517**	**16,007**	**110,893**
EXPENDITURES:						
Debt service, including payments on financing agreements	807,043	1,167	42,091	7,298	9,713	30,306
Total expenditures	**807,043**	**1,167**	**42,091**	**7,298**	**9,713**	**30,306**
Excess (deficiency) of revenues over expenditures	**(807,043)**	**229**	**(14,485)**	**58,219**	**6,294**	**80,587**
OTHER FINANCING SOURCES (USES):						
Operating transfers from other funds	824,257	—	—	—	—	—
Operating transfers to other funds	—	(9,835)	—	(54,932)	(32,629)	(74,833)
Proceeds from financing agreements	—	—	—	—	—	—
Net other financing sources (uses)	**824,257**	**(9,835)**	**—**	**(54,932)**	**(32,629)**	**(74,833)**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	17,214	(9,606)	(14,485)	3,287	(26,335)	5,754
Fund balances at April 1, 1986	—	10,695	7,026	25,194	37,088	2,488
Fund balances (deficits) at March 31, 1987	**$ 17,214**	**$ 1,089**	**$ (7,459)**	**$ 28,481**	**$ 10,753**	**$ 8,242**

Emergency Highway Construction and Reconstruction	State University Income	CUNY Construction	State University Construction	Facilities Development Corporation	Sole Custody	Eliminations	Totals Year Ended March 31, 1987	1986
$ 15,209	$ —	$ —	$ —	$ —	$ —	$ —	$ 30,418	$ 28,768
—	938	—	—	—	—	—	13,766	12,670
—	426,213	225,571	118,341	—	—	(196,923)	676,296	659,136
—	234,819	—	68,671	282,227	—	(68,918)	580,885	510,600
90	40,640	5,629	19,624	8,266	25,222	—	125,673	97,315
15,299	**702,610**	**231,200**	**206,636**	**290,493**	**25,222**	**(265,841)**	**1,427,038**	**1,308,489**
4,494	188,344	82,258	217,654	50,260	8,666	(265,841)	1,183,453	1,096,096
4,494	**188,344**	**82,258**	**217,654**	**50,260**	**8,666**	**(265,841)**	**1,183,453**	**1,096,096**
10,805	**514,266**	**148,942**	**(11,018)**	**240,233**	**16,556**	**—**	**243,585**	**212,393**
—	—	—	—	717,824	40,362	(1,017)	1,581,426	1,456,832
(10,804)	(472,250)	(148,719)	(6,996)	(943,285)	(1,017)	1,017	(1,754,283)	(1,601,872)
—	—	—	—	—	404,690	—	404,690	—
(10,804)	**(472,250)**	**(148,719)**	**(6,996)**	**(225,461)**	**444,035**	**—**	**231,833**	**(145,040)**
1	42,016	223	(18,014)	14,772	460,591	—	475,418	67,353
—	144,258	5,119	318,616	253,959	17,449	—	821,892	754,539
$ 1	**$ 186,274**	**$ 5,342**	**$ 300,602**	**$ 268,731**	**$ 478,040**	**$ —**	**$ 1,297,310**	**$ 821,892**

Debt Service Funds— Combining Statement of Cash Receipts and Disbursements Budgetary Basis-Financial Plan and Actual

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	General Debt Service			State University Income		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	—	—	—	693,000	696,400	3,400
Federal grants	—	—	—	1,000	900	(100)
Total receipts	—	—	—	694,000	697,300	3,300
DISBURSEMENTS:						
Debt service	612,000	610,400	1,600	189,000	188,300	700
Total disbursements	612,000	610,400	1,600	189,000	188,300	700
Receipts over (under) disbursements	(612,000)	(610,400)	1,600	505,000	509,000	4,000
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	612,000	628,400	16,400	—	—	—
Transfers to other funds	—	—	—	(508,000)	(466,800)	41,200
Net other financing sources (uses)	612,000	628,400	16,400	(508,000)	(466,800)	41,200
Receipts and other financing sources over (under) disbursements and other financing uses	—	18,000	18,000	(3,000)	42,200	45,200
Fund balances at April 1, 1986	—	—	—	86,000	86,000	—
Fund balances at March 31, 1987	$ —	$ 18,000	$ 18,000	$ 83,000	$128,200	$ 45,200

Facilities Development Corporation			Other			Total Debt Service		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ —	$ —	$ —	$ 30,000	$ 30,400	$ 400	$ 30,000	$ 30,400	$ 400
229,000	275,700	46,700	217,000	208,300	(8,700)	1,139,000	1,180,400	41,400
—	—	—	11,000	12,900	1,900	12,000	13,800	1,800
229,000	**275,700**	**46,700**	**258,000**	**251,600**	**(6,400)**	**1,181,000**	**1,224,600**	**43,600**
50,000	50,300	(300)	96,000	95,000	1,000	947,000	944,000	3,000
50,000	**50,300**	**(300)**	**96,000**	**95,000**	**1,000**	**947,000**	**944,000**	**3,000**
179,000	**225,400**	**46,400**	**162,000**	**156,600**	**(5,400)**	**234,000**	**280,600**	**46,600**
766,000	717,800	(48,200)	—	—	—	1,378,000	1,346,200	(31,800)
(945,000)	(943,300)	1,700	(195,000)	(184,300)	10,700	(1,648,000)	(1,594,400)	53,600
(179,000)	**(225,500)**	**(46,500**	**(195,000)**	**(184,300)**	**10,700**	**(270,000)**	**(248,200)**	**21,800**
—	(100)	(100)	(33,000)	(27,700)	5,300	(36,000)	32,400	68,400
18,000	18,000	—	66,900	66,900	—	170,900	170,900	—
$ 18,000	**$ 17,900**	**$ (100)**	**$ 33,900**	**$ 39,200**	**$ 5,300**	**$ 134,900**	**$ 203,300**	**$ 68,400**

— The Bettmann Archive

Elizabeth Cady Stanton

A leader in the women's rights movement for over half a century, Elizabeth Cady Stanton was born in Johnstown on November 12, 1815. She was the daughter of an eminent lawyer and was educated at the Johnstown Academy and the Emma Willard Female Seminary in Troy. When she married abolitionist Henry Brewster Stanton in 1840 she refused to use the word "obey" when making her marriage vows. With Lucretia Mott she organized the first women's rights convention held in Seneca Falls in 1848.

Beginning in 1851 she worked closely with Susan B. Anthony and together for the next 40 years they organized campaigns, spoke before legislative bodies, made lectures and wrote essays supporting women's rights. By 1860 New York laws had been amended to grant women joint guardianship of their children, the right to sue in court, to receive and keep wages, and to own real and personal property. In 1869 she helped organize the National Woman Suffrage Association. In 1879 she wrote the federal suffrage amendment proposal which was introduced in Congress every session until it was finally accepted in slightly different form in 1919. Unfortunately Mrs. Stanton did not live to see the success of her efforts, having died in New York on October 26, 1902. It is a fitting tribute to Elizabeth Cady Stanton that the Women's Hall of Fame is located in Seneca Falls where Mrs. Stanton lived for many years and where the first women's rights convention was held.

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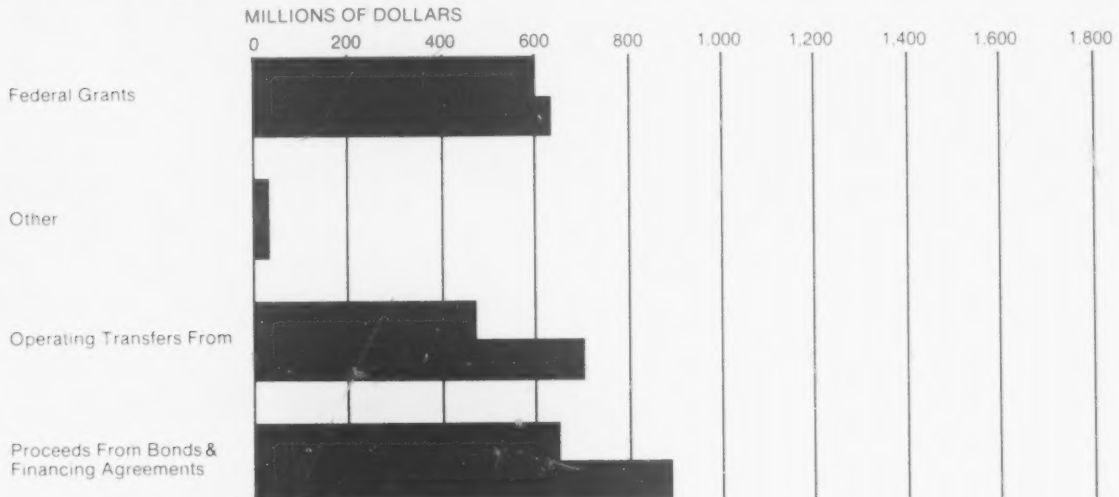
Capital Projects Funds

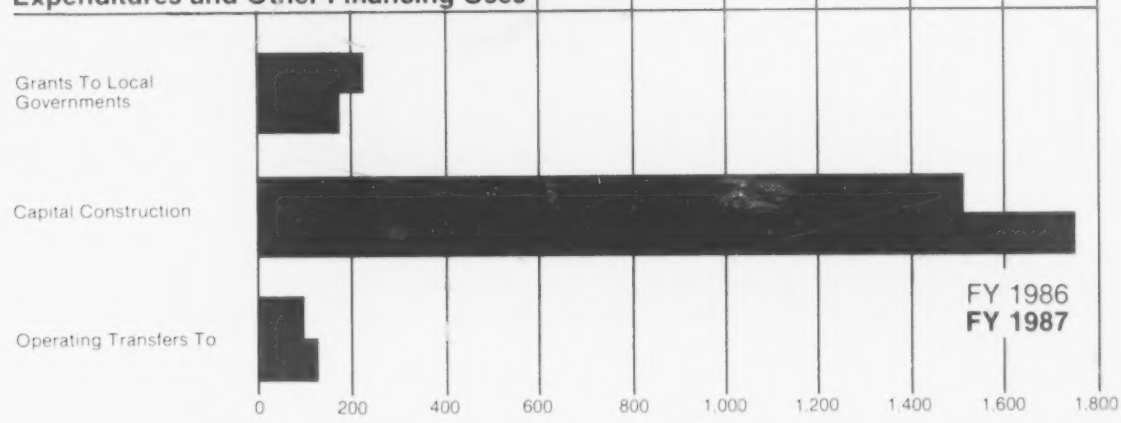
Capital Projects Funds including bond funds are used to account for the handling of bond and bond anticipation note proceeds and other Federal and State revenues earmarked for capital expenditures. They are subject to appropriation and the budgetary process. The cost of constructing and reconstructing various capital facilities of the State including highways, parkways, grade crossings and certain institutions are made from Capital Projects Funds. Expenditures may be financed by current revenues or from the proceeds of the sale of bond anticipation notes, permanent bonds and other financing arrangements.

CAPITAL PROJECTS FUNDS

Revenues & Other Financing Sources



Expenditures and Other Financing Uses



Capital Projects Funds—Combining Balance Sheet

March 31, 1987
(Amounts in thousands) (Unaudited)

	State Capital Projects	Energy Conservation/ Improved Transportation Bond	Parks and Recreation Land Acquisition Bond	Pure Waters Bond	Outdoor Recreation Development Bond	Transportation Capital Facilities Bond	Environmental Quality Protection Bond
ASSETS:							
Cash and marketable securities	$ 171,290	$ 24,237	$ 75	$ 2,322	$ 32	$ 17,145	$ 79,464
Receivables, net of allowance for uncollectibles:							
Due from Federal government	—	—	—	—	—	—	—
Other	38,997	—	—	—	—	—	—
Due from other funds	492	—	—	—	—	—	—
Marketable securities held in lieu of retainage	46,265	—	—	—	—	—	—
Total assets	**$ 257,044**	**$ 24,237**	**$ 75**	**$ 2,322**	**$ 32**	**$ 17,145**	**$ 79,464**
LIABILITIES:	$ 229,293	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	1,011	—	—	—	—	—	—
Accrued liabilities	228	—	—	—	—	—	—
Due to other funds	8,884	—	—	—	—	—	—
Deferred revenues	—	—	—	—	—	—	—
Notes payable	239,416	—	—	—	—	—	—
Total liabilities							
EQUITY (DEFICIT):							
Fund balances (deficits):							
Reserved for:							
Encumbrances	1,196,716	—	766	—	—	—	—
Other specified purposes	37,373	—	—	—	—	—	—
Unreserved:							
Undesignated	(1,216,461)	24,237	(691)	2,322	32	17,145	79,464
Total equity (deficit)	**17,628**	**24,237**	**75**	**2,322**	**32**	**17,145**	**79,464**
Commitments and contingencies							
Total liabilities and equity	**$ 257,044**	**$ 24,237**	**$ 75**	**$ 2,322**	**$ 32**	**$ 17,145**	**$ 79,464**

Rail Preservation and Development Bond	State Housing Bond	Transportation Infrastructure Renewal Bond	Federal Capital Projects	Forest Preserve Expansion	NYS Exposition Horse Facility Construction	State University Capital Projects	Special Parkway Rehabilitation	Totals March 31, 1987	Totals March 31, 1986
$ 13,411	$ —	$ 55,582	$ 1,270	$ 393	$ 14	$ 2,852	$ 18,084	$ 386,171	$ 188,898
—	—	—	100,131	—	—	—	—	100,131	69,910
—	—	—	1	2	—	16	72	39,088	26,658
—	—	—	15	—	—	—	—	507	675
—	—	—	—	—	—	—	—	46,265	43,059
$ 13,411	**$ —**	**$ 55,582**	**$ 101,417**	**$ 395**	**$ 14**	**$ 2,868**	**$ 18,156**	**$ 572,162**	**$ 329,200**
$ —	$ 17	$ —	$ 60,851	$ —	$ 1	$ 71	$ 1,842	$ 292,075	$ 288,212
—	—	—	724	—	—	—	118	1,853	899
—	—	—	39,842	—	77	—	97	40,244	16,948
—	—	—	—	—	—	—	—	8,884	6,407
—	140	129,870	—	—	—	—	—	130,010	155,240
—	**157**	**129,870**	**101,417**	**—**	**78**	**71**	**2,057**	**473,066**	**467,706**
—	347	—	899,265	—	1	289	4,210	2,101,594	2,190,850
—	—	—	—	—	—	—	—	37,373	26,563
13,411	(504)	(74,288)	(899,265)	395	(65)	2,508	11,889	(2,039,871)	(2,355,919)
13,411	**(157)**	**(74,288)**	**—**	**395**	**(64)**	**2,797**	**16,099**	**99,096**	**(138,506)**
$ 13,411	**$ —**	**$ 55,582**	**$ 101,417**	**$ 395**	**$ 14**	**$ 2,868**	**$ 18,156**	**$ 572,162**	**$ 329,200**

Capital Projects Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	State Capital Projects	Energy Conservation/ Improved Transportation Bond	Parks and Recreation Land Acquisition Bond	Pure Waters Bond	Outdoor Recreation Development Bond	Transportation Capital Facilities Bond	Environmental Quality Protection Bond	Rail Preservation and Development Bond
REVENUES:								
Federal grants	$ 230	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	21,771	—	—	—	—	—	—	—
Total revenues	**22,001**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
EXPENDITURES:								
Grants to local governments:								
Education	4,662	—	—	—	—	—	—	—
Health and environmental	78,238	—	—	—	—	—	—	—
Transportation	56,385	—	—	—	—	—	—	—
Mental hygiene	22,987	—	—	—	—	—	—	—
Other programs	12,470	—	—	—	—	—	—	—
Capital construction	1,094,455	—	3	—	—	—	—	—
Total expenditures	**1,269,197**	**—**	**3**	**—**	**—**	**—**	**—**	**—**
Excess (deficiency) of revenues over expenditures	**(1,247,196)**	**—**	**(3)**	**—**	**—**	**—**	**—**	**—**
Other financing sources (uses):								
Operating transfers from other funds	1,029,348	—	—	—	—	—	—	—
Operating transfers to other funds	(128,202)	(6,799)	—	(22,352)	(17)	(8,155)	(78,124)	(17,009)
Proceeds of general obligation bonds	—	21,000	500	38,100	—	30,600	165,615	26,285
Proceeds from financing agreements	461,759	—	—	—	—	—	—	—
Net other financing sources (uses)	**1,362,905**	**14,201**	**500**	**15,748**	**(17)**	**22,445**	**87,491**	**9,276**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	115,709	14,201	497	15,748	(17)	22,445	87,491	9,276
Fund balances (deficits) at April 1, 1986	(98,081)	10,036	(422)	(13,426)	49	(5,300)	(8,027)	4,135
Fund balances (deficits) at March 31, 1987	**$ 17,628**	**$ 24,237**	**$ 75**	**$ 2,322**	**$ 32**	**$ 17,145**	**$ 79,464**	**$ 13,411**

State Housing Bond	Transportation Infrastructure Renewal Bond	Federal Capital Projects	Forest Preserve Expansion	NYS Exposition Horse Facility Construction	State University Capital Projects	Special Parkway Rehabilitation	Eliminations	Totals Year Ended March 31, 1987	1986
$ —	$ —	$641,846	$ —	$ —	$ —	$ —	$ —	$ 642,076	$ 591,945
—	—	63	24	2	3,420	10,355	—	35,635	36,010
—	**—**	**641,909**	**24**	**2**	**3,420**	**10,355**	**—**	**677,711**	**627,955**
—	—	—	—	—	—	—	—	4,662	3,627
—	—	—	—	—	—	—	—	78,238	78,245
—	—	35	—	—	—	—	—	56,420	80,338
—	—	55	—	—	—	—	—	23,042	7,933
—	—	2,700	—	—	—	—	—	15,170	62,135
217	—	639,118	—	123	623	14,330	—	1,748,869	1,520,584
217	**—**	**641,908**	**—**	**123**	**623**	**14,330**	**—**	**1,926,401**	**1,752,892**
(217)	**—**	**1**	**24**	**(121)**	**2,797**	**(3,975)**	**—**	**(1,248,690)**	**(1,124,937)**
—	—	—	—	—	—	5,500	(323,368)	711,480	476,668
—	(185,657)	—	—	—	—	—	323,368	(122,947)	(98,598)
400	153,500	—	—	—	—	—	—	436,000	160,000
—	—	—	—	—	—	—	—	461,759	494,658
400	**(32,157)**	**—**	**—**	**—**	**—**	**5,500**	**—**	**1,486,292**	**1,032,728**
183	(32,157)	1	24	(121)	2,797	1,525	—	237,602	(92,209)
(340)	(42,131)	(1)	371	57	—	14,574	—	(138,506)	(46,297)
$ (157)	**$ (74,288)**	**$ —**	**$ 395**	**$ (64)**	**$ 2,797**	**$ 16,099**	**$ —**	**$ 99,096**	**$ (138,506)**

Capital Projects Funds—
Combining Statement of Cash Receipts and Disbursements
Budgetary Basis-Financial Plan and Actual

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	State Capital Projects			Federal Capital Projects		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Miscellaneous	$ 193,000	$ 144,700	$ (48,300)	$ —	$ 100	$ 100
Federal grants	—	200	200	621,000	619,600	(1,400)
Total receipts	**193,000**	**144,900**	**(48,100)**	**621,000**	**619,700**	**(1,300)**
DISBURSEMENTS:						
Departmental operations	—	—	—	—	—	—
General state charges	—	—	—	—	—	—
Capital projects	1,222,000	1,169,300	52,700	621,000	635,700	(14,700)
Total disbursements	**1,222,000**	**1,169,300**	**52,700**	**621,000**	**635,700**	**(14,700)**
Receipts over (under) disbursements	**(1,029,000)**	**(1,024,400)**	**4,600**	**—**	**(16,000)**	**(16,000)**
OTHER FINANCING SOURCES (USES):						
Bond proceeds, net	—	—	—	—	—	—
Transfers from other funds	1,034,000	1,029,900	(4,100)	—	22,500	22,500
Transfers to other funds	(5,000)	(5,500)	(500)	—	(6,600)	(6,600)
Net other financing sources (uses)	**1,029,000**	**1,024,400**	**(4,600)**	**—**	**15,900**	**15,900**
Receipts and other financing sources over (under) disbursements and other financing uses	—	—	—	—	(100)	(100)
Fund balances at April 1, 1986	11,100	11,100	—	1,400	1,400	—
Fund balances at March 31, 1987	**$ 11,100**	**$ 11,100**	**$ —**	**$ 1,400**	**$ 1,300**	**$ (100)**

Other			Total Capital Projects		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 12,000	$ 13,300	$ 1,300	$ 205,000	$ 158,100	$ (46,900)
—	—	—	621,000	619,800	(1,200)
12,000	**13,300**	**1,300**	**826,000**	**777,900**	**(48,100)**
5,000	3,700	1,300	5,000	3,700	1,300
—	500	(500)	—	500	(500)
17,000	11,600	5,400	1,860,000	1,816,600	43,400
22,000	**15,800**	**6,200**	**1,865,000**	**1,820,800**	**44,200**
(10,000)	**(2,500)**	**8,100**	**(1,039,000)**	**(1,042,900)**	**(3,900)**
455,000	410,800	(44,200)	455,000	410,800	(44,200)
(383,000)	(317,900)	65,100	651,000	734,500	83,500
5,000	5,200	200	—	(6,900)	(6,900)
77,000	**98,100**	**21,100**	**1,106,000**	**1,138,400**	**32,400**
67,000	95,600	29,200	67,000	95,500	28,500
117,700	117,700	—	130,200	130,200	—
$ 184,700	**$ 213,300**	**$ 29,200**	**$ 197,200**	**$ 225,700**	**$ 28,500**

Theodore Roosevelt

— The Bettmann Archive

Public official, reformer, conservationist, author, rancher, soldier and hunter-Theodore Roosevelt made his mark in each of these fields of endeavor. He was a man of volcanic energy and he wrote a record of reform without precedent during his years of public service. As one of the most popular presidents, he was a major voice in the progressive movement and he expanded the powers of the presidency significantly. Ironically, it was a quirk of fate that made him President. Returning from the Spanish American War as a national hero, he was elected Governor of New York. His reform views so exasperated the New York party bosses that they pushed Teddy's nomination for the Vice-Presidency. After being elected he was bored with the empty job. He was actually considering resigning when an assassin's bullet made him President.

Theodore Roosevelt was born in New York City on October 27, 1858. He graduated from Harvard in 1880 and studied law at Columbia. At 23 he was elected to the New York Assembly. Serving on the U.S. Civil Service Commission and as New York City Police Commissioner he furthered the implementation of the merit system. In 1897 he was appointed Assistant Secretary of the Navy; resigning to become colonel of the "Rough Riders". As Governor he tightened the laws regulating sweatshops, utilities and insurance companies. During his term as President, Teddy was noted as a trust buster, conservationist and the author of the "square deal". In 1905 he was awarded the Nobel peace prize. After leaving office much of his time was devoted to writing historic works, world travel and going on safaris. An act of mercy while hunting—Roosevelt's refusal to shoot a small bear—inspired a cherished American toy—the Teddy Bear. On January 6, 1919 Theodore Roosevelt died unexpectedly. Even at the end he was still active making plans to regain the presidency in the 1920 election.

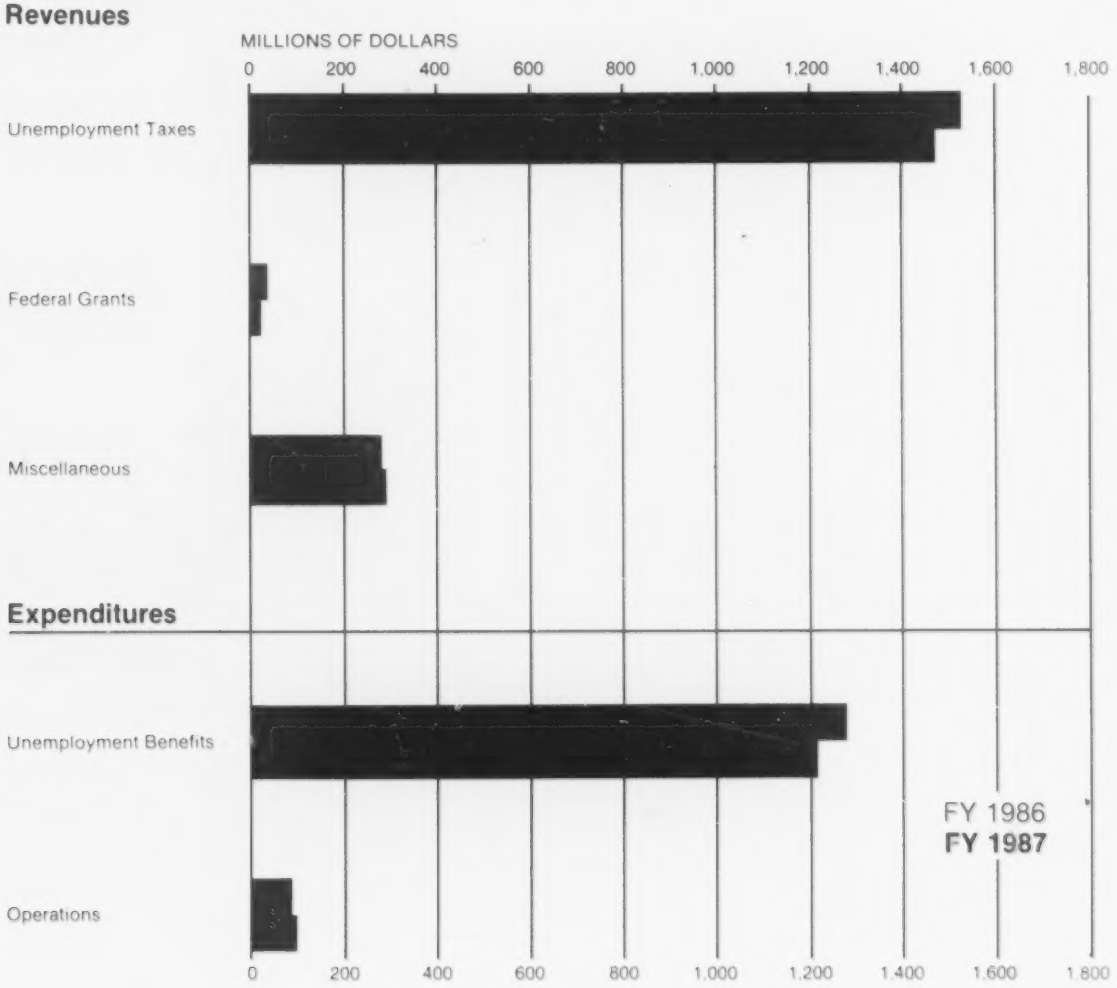
— The Bettmann Archive

Trust & Agency Funds

Trust and Agency Funds account for resources which are held in a fiduciary or agency capacity. They are not considered governmental operating funds for accounting and reporting purposes since their assets are not available for general State purposes. These funds are generally not subject to the appropriation and budgetary process.

In addition, there are numerous funds which are administered under the sole custody of individual State officials. These funds have been created outside the State Treasury by specific legislation or administrative action and are generally held in a fiduciary (trust or agency) capacity rather than as funds whose assets are available for general State operations. Among the funds not considered to be directly related to State governmental operations are the funds for the personal needs of patients and inmates at the State's Mental Hygiene, Correction and Health facilities.

TRUST AND AGENCY FUNDS



Trust and Agency Funds—Combining Balance Sheet

Year Ended March 31,1987
(Amounts in thousands) (Unaudited)

	Expendable Trust Funds				
	Mental Hygiene Gifts and Donations	Combined Expendable Trust	New York Interest On Lawyer Account	Unemployment Insurance Benefit Account	Sole Custody
ASSETS:					
Cash and marketable securities	$ 1,085	$ 21,901	$ 817	$ 2,001,743	$ 176,125
Receivables net of allowances for uncollectibles:					
Taxes	—	—	—	727,146	—
Due from Federal government	—	—	—	37	—
Other	6	121	2	72,326	3,470
Due from other funds	6	184	—	—	—
Other assets	—	90	—	—	—
Total assets	**$ 1,097**	**$ 22,296**	**$ 819**	**$ 2,801,252**	**$179,595**
LIABILITIES:					
Payable to local government	$ —	$ —	$ —	$ —	$ —
Accounts payable	110	909	—	—	—
Accrued liabilities	—	156	11	51,373	—
Due to other funds	14	855	8	—	—
Deferred revenue	—	—	—	—	—
Total liabilities	**124**	**1,920**	**19**	**51,373**	**—**
EQUITY:					
Fund balances:					
Reserved for:					
Unemployment benefits	—	—	—	2,749,879	—
Other specified purposes	973	20,376	800	—	179,595
Total equity	**973**	**20,376**	**800**	**2,749,879**	**179,595**
Commitments and contingencies					
Total liabilities and equity	**$ 1,097**	**$ 22,296**	**$ 819**	**$ 2,801,252**	**$179,595**

Nonexpendable Trust Funds

Combined Student Loan	Combined Nonexpendable Trust Gifts/ Bequests	Winter Sports Education	Housing Development	Nursing Home Development	CUNY Student Loan	CUNY Endowment	Sole Custody	Miscellaneous
$ 2,609	$ 3,316	$ 5,045	$ 620	$ 103	$ 2,003	$ 38,391	$128,433	$ 50
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
98,106	17	26	3	1	22,663	153	—	—
322	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
$ 101,037	**$ 3,333**	**$ 5,071**	**$ 623**	**$ 104**	**$ 24,666**	**$ 38,544**	**$128,433**	**$ 50**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1,180	69	—	155	—	3	—	—	15
—	7	—	—	—	55	—	—	—
3	5	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
1,183	**81**	**—**	**155**	**—**	**58**	**—**	**—**	**15**
—	—	—	—	—	—	—	—	—
99,854	3,252	5,071	468	104	24,608	38,544	128,433	35
99,854	**3,252**	**5,071**	**468**	**104**	**24,608**	**38,544**	**128,433**	**35**
$ 101,037	**$ 3,333**	**$ 5,071**	**$ 623**	**$ 104**	**$ 24,666**	**$ 38,544**	**$128,433**	**$ 50**

Trust and Agency Funds— Combining Balance Sheet (cont'd)

March 31, 1987
(Amounts in thousands) (Unaudited)

	Agency						
	Employees Health Insurance	Social Security Contribution	NYS Employee Payroll Withholding	Survivor's Benefit	Management Confidential Group Insurance	Lottery Prize	Fringe Benefit Escrow
ASSETS:							
Cash and marketable securities	$ 104,818	$ 1,036	$ 26,877	$ 1,061	$ 1,218	$570,592	$ 15,397
Receivables net of allowances for uncollectibles:							
Taxes	—	—	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	437	5	1	—	8	966	—
Due from other funds	3,540	—	265	—	—	—	57,083
Other assets	—	—	—	—	—	—	—
Total assets	**$ 108,795**	**$ 1,041**	**$ 27,143**	**$ 1,061**	**$ 1,226**	**$571,558**	**$ 72,480**
LIABILITIES:							
Payable to local government	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	18,278	—	488	323	659	—	2,303
Accrued liabilities	56,207	1,041	26,651	738	567	571,558	53,067
Due to other funds	—	—	4	—	—	—	17,110
Deferred revenue	34,310	—	—	—	—	—	—
Total liabilities	**108,795**	**1,041**	**27,143**	**1,061**	**1,226**	**571,558**	**72,480**
EQUITY:							
Fund balances							
Reserved for:							
Unemployment benefits	—	—	—	—	—	—	—
Other specified purposes	—	—	—	—	—	—	—
Total equity (deficit)	—	—	—	—	—	—	—
Commitments and contingencies							
Total liabilities and equity	**$ 108,795**	**$ 1,041**	**$ 27,143**	**$ 1,061**	**$ 1,226**	**$571,558**	**$ 72,480**

Funds

Health Insurance Reserve Receipts	Miscellaneous	CUNY Senior College Operating	MMIS Statewide Escrow	SUNY Collection	CUNY	Sole Custody	Totals March 31, 1987	Totals March 31, 1986
$ 35,575	$ 154,204	$ 12,903	$ 88,966	$ 24,805	$ 2,051	$ 1,909,809	$ 5,331,553	$ 4,386,467
—	—	—	—	—	—	—	727,146	765,853
—	—	—	—	—	—	47,872	47,909	76,911
142	519	8	556	—	266	37,895	237,697	238,272
—	35	109	1	2,513	—	9,095	73,153	65,384
—	—	2	—	—	—	—	92	902
$ 35,717	**$ 154,758**	**$ 13,022**	**$ 89,523**	**$ 27,318**	**$ 2,317**	**$ 2,004,671**	**$ 6,417,550**	**$ 5,533,789**
$ —	$ —	$ —	$ —	$ —	$ —	$ 1,198,793	$ 1,198,793	$ 982,285
—	10,879	12,571	29,708	—	58	—	77,708	49,330
35,717	143,864	400	59,815	6,924	2,241	805,878	1,816,270	1,690,173
—	15	51	—	20,394	—	—	38,459	19,005
—	—	—	—	—	18	—	34,328	18
35,717	**154,758**	**13,022**	**89,523**	**27,318**	**2,317**	**2,004,671**	**3,165,558**	**2,740,811**
—	—	—	—	—	—	—	2,749,879	2,281,623
—	—	—	—	—	—	—	502,113	511,355
—	—	—	—	—	—	—	**3,251,992**	**2,792,978**
$ 35,717	**$ 154,758**	**$ 13,022**	**$ 89,523**	**$ 27,318**	**$ 2,317**	**$ 2,004,671**	**$ 6,417,550**	**$ 5,533,789**

Nonexpendable Trust Funds—Combining Statement of Revenues, Expenses and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Combined Student Loan	Combined Nonexpendable Trust Gifts/ Bequests	Winter Sports Education	Housing Development
REVENUES:				
Federal grants	$ 629	$ —	$ —	$ —
Miscellaneous	6,136	185	331	1,265
Total revenues	**6,765**	**185**	**331**	**1,265**
EXPENSES:				
Operations	—	325	450	1,961
Total expenses	**—**	**325**	**450**	**1,961**
Excess (deficiency) of revenues over expenses	6,765	(140)	(119)	(696)
Fund Balances at April 1,1986	93,089	3,392	5,190	1,164
Fund Balances at March 31,1987	**$ 99,854**	**$ 3,252**	**$ 5,071**	**$ 468**

Nursing Home Development	CUNY Student Loan	CUNY Endowment	Sole Custody	Miscellaneous	Totals Year Ended March 31, 1987	1986
$ —	$ 889	$ —	$ —	$ —	$ 1,518	$ 2,564
7	2,684	3,027	20,698	150	34,483	42,195
7	**3,573**	**3,027**	**20,698**	**150**	**36,001**	**44,759**
—	2,668	13	10,985	315	16,717	6,949
—	**2,668**	**13**	**10,985**	**315**	**16,717**	**6,949**
7	905	3,014	9,713	(165)	19,284	37,810
97	23,703	35,530	118,720	200	281,085	243,275
$ 104	**$ 24,608**	**$ 38,544**	**$ 128,433**	**$ 35**	**$ 300,369**	**$ 281,085**

Expendable Trust Funds— Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1987
(Amounts in thousands) (Unaudited)

	Mental Hygiene Gifts and Donations	Combined Expendable Trust	New York Interest on Lawyer Account	Unemployment Insurance Benefit Account	Sole Custody	Totals Year Ended March 31, 1987	1986
REVENUES:							
Unemployment taxes	$ —	$ —	$ —	$ 1,463,849	$ —	$ 1,463,849	$ 1,521,646
Federal grants	—	3,446	—	16,489	—	19,935	34,580
Miscellaneous	506	13,404	989	198,814	37,016	250,729	219,040
Total revenues	**506**	**16,850**	**989**	**1,679,152**	**37,016**	**1,734,513**	**1,775,266**
EXPENDITURES:							
Grants to local governments	—	3,557	—	—	—	3,557	4,284
Operation of state departments and agencies:							
Personal service costs	—	2,056	132	—	—	2,188	1,805
Non-personal service costs	802	7,193	1,024	—	68,540	77,559	66,105
Other fringe benefits	—	545	38	—	—	583	563
Unemployment benefits	—	—	—	1,210,896	—	1,210,896	1,260,123
Total expenditures	**802**	**13,351**	**1,194**	**1,210,896**	**68,540**	**1,294,783**	**1,332,880**
Excess (deficiency) of revenues over expenditures	(296)	3,499	(205)	468,256	(31,524)	439,730	442,386
Fund balances at April 1,1986	1,269	16,877	1,005	2,281,623	211,119	2,511,893	2,069,507
Fund balances at March 31,1987	**$ 973**	**$ 20,376**	**$ 800**	**$ 2,749,879**	**$179,595**	**$ 2,951,623**	**$ 2,511,893**

Trust and Agency Funds—Combining Statement of Changes in Assets and Liabilities—All Agency Funds

March 31, 1987
(Amounts in thousands) (Unaudited)

	Balance April 1, 1986	Additions	Deductions	Balance March 31, 1987
Employees Health Insurance				
ASSETS:				
Cash and marketable securities	$ 72,889	$ 947,243	$ 915,314	$ 104,818
Receivables, net of allowances for uncollectibles:				
Other	410	437	410	437
Due from other funds	—	52,785	49,245	3,540
Total assets	**$ 73,299**	**$ 1,000,465**	**$ 964,969**	**$ 108,795**
LIABILITIES:				
Accounts payable	$ 30,665	$ 900,103	$ 912,490	$ 18,278
Accrued liabilities	42,634	987,647	974,074	56,207
Due to other funds	—	2,356	2,356	—
Deferred revenues	—	34,310	—	34,310
Total liabilities	**$ 73,299**	**$ 1,924,416**	**$ 1,888,920**	**$ 108,795**
Social Security Contribution				
ASSETS:				
Cash and marketable securities	$ 19,259	$ 2,901,300	$ 2,919,523	$ 1,036
Receivables, net of allowances for uncollectibles:				
Other	633	5	633	5
Due from other funds	—	5,801	5,801	—
Total assets	**$ 19,892**	**$ 2,907,106**	**$ 2,925,957**	**$ 1,041**
LIABILITIES:				
Accounts payables	$ —	$ 2,918,833	$ 2,918,833	$ —
Accrued liabilities	19,892	2,900,672	2,919,523	1,041
Total liabilities	**$ 19,892**	**$ 5,819,505**	**$ 5,838,356**	**$ 1,041**

Trust and Agency Funds—Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1987
(Amounts in thousands) (Unaudited)

	Balance April 1, 1986	Additions	Deductions	Balance March 31, 1987
NYS Employee Payroll Withholding				
ASSETS:				
Cash and marketable securities	$ 36,725	$ 1,414,668	$ 1,424,516	$ 26,877
Receivables, net of allowances for uncollectibles:				
Other	13	1	13	1
Due from other funds	251	243,078	243,064	265
Total assets	**$ 36,989**	**$ 1,657,747**	**$ 1,667,593**	**$ 27,143**
LIABILITIES:				
Accounts payable	$ 390	$ 1,407,573	$ 1,407,475	$ 488
Accrued liabilities	36,599	1,414,672	1,424,620	26,651
Due to other funds	—	237,525	237,521	4
Total liabilities	**$ 36,989**	**$ 3,059,770**	**$ 3,069,616**	**$ 27,143**
Lottery Prize				
ASSETS:				
Cash and marketable securities	$ 447,047	$ 780,213	$ 656,668	$ 570,592
Receivables, net of allowances for uncollectibles:				
Other	946	966	946	966
Due from other funds	—	5,956	5,956	—
Total assets	**$ 447,993**	**$ 787,135**	**$ 663,570**	**$ 571,558**
LIABILITIES:				
Accounts payable	$ —	$ 246,565	$ 246,565	$ —
Accrued liabilities	447,993	776,405	652,840	571,558
Total liabilities	**$ 447,993**	**$ 1,022,970**	**$ 899,405**	**$ 571,558**

Trust and Agency Funds—Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1987
(Amounts in thousands) (Unaudited)

	Balance April 1, 1986	Additions	Deductions	Balance March 31, 1987
Fringe Benefit Escrow				
ASSETS:				
Cash and marketable securities	$ 3,322	$ 230,013	$ 217,938	$ 15,397
Due from other funds	56,614	449,386	448,917	57,083
Other assets	804	—	804	—
Total assets	**$ 60,740**	**$ 679,399**	**$ 667,659**	**$ 72,480**
LIABILITIES:				
Accounts payable	$ 900	$ 72,767	$ 71,364	$ 2,303
Accrued liabilities	59,840	425,331	432,104	53,067
Due to other funds	—	284,562	267,452	17,110
Total liabilities	**$ 60,740**	**$ 782,660**	**$ 770,920**	**$ 72,480**
MMIS Statewide Escrow				
ASSETS:				
Cash and marketable securities	$ 87,667	$ 8,297,917	$ 8,296,618	$ 88,966
Receivables, net of allowances for uncollectibles:				
Other	594	557	595	556
Due from other funds	1	872,097	872,097	1
Total assets	**$ 88,262**	**$ 9,170,571**	**$ 9,169,310**	**$ 89,523**
LIABILITIES:				
Accounts payable	$ —	$ 7,856,477	$ 7,826,769	$ 29,708
Accrued liabilities	86,954	7,097,697	7,124,836	59,815
Due to other funds	1,308	53,224	54,532	—
Total liabilities	**$ 88,262**	**$ 15,007,398**	**$ 15,006,137**	**$ 89,523**

Trust and Agency Funds—Combining Statement of Changes in Assets and Liabilities—All Agency Funds (cont'd)

March 31, 1987
(Amounts in thousands) (Unauditied)

Miscellaneous

	Balance April 1, 1986	Additions	Deductions	Balance March 31, 1987
ASSETS:				
Cash and marketable securities	$ 1,820,555	$ 3,726,556	$ 3,405,485	$ 2,141,626
Receivables, net of allowances for uncollectibles:				
Due from Federal government	76,628	47,872	76,628	47,872
Other	55,587	38,875	55,624	38,838
Due from other funds	7,559	88,910	84,717	11,752
Other assets	6	2	6	2
Total assets	**$ 1,960,335**	**$ 3,902,215**	**$ 3,622,460**	**$ 2,240,090**
LIABILITIES:				
Payable to local government	$ 982,286	$ 1,309,348	$ 1,092,841	$ 1,198,793
Accounts payable	22,275	792,937	790,721	24,491
Accrued liabilities	938,359	2,492,838	2,434,869	996,328
Due to other funds	17,397	468,795	465,732	20,460
Deferred income	18	18	18	18
Total liabilities	**$ 1,960,335**	**$ 5,063,936**	**$ 4,784,181**	**$ 2,240,090**

Total Assets and Liabilities—All Agency Funds

ASSETS:				
Cash and marketable securities	$ 2,487,464	$ 18,297,910	$ 17,836,062	$ 2,949,312
Receivables, net of allowances for uncollectibles:				
Due from Federal government	76,628	47,872	76,628	47,872
Other	58,183	40,841	58,221	40,803
Due from other funds	64,425	1,718,013	1,709,797	72,641
Other assets	810	2	810	2
Total assets	**$ 2,687,510**	**$ 20,104,638**	**$ 19,681,518**	**$ 3,110,630**
LIABILITIES:				
Payable to local government	$ 982,286	$ 1,309,348	$ 1,092,841	$ 1,198,793
Accounts payable	54,230	14,195,255	14,174,217	75,268
Accrued liabilities	1,632,271	16,095,262	15,962,866	1,764,667
Due to other funds	18,705	1,046,462	1,027,593	37,574
Deferred income	18	34,328	18	34,328
Total liabilities	**$ 2,687,510**	**$ 32,680,655**	**$ 32,257,535**	**$ 3,110,630**

— The Bettmann Archive

Franklin Roosevelt

Franklin Roosevelt, considered by many as the leader of modern liberalism, was the only American ever elected President four times. Like his distant cousin Theodore Roosevelt, he made significant contributions to expanding the powers of the President. FDR was born on January 30, 1882 in Hyde Park to a wealthy, patrician family. Educated at Groton, Harvard and the Columbia School of Law, he was admitted to the bar in 1907. Franklin was elected to the New York Senate and was only the second Democrat to represent his district in 54 years. During his stay in the Senate, he was identified with the interests of upstate farmers and with progressive legislation and reform in general. In 1913 he was appointed Assistant Secretary of the Navy and was responsible for building up the American fleet when the United States was drawn into World War I. In 1920 Roosevelt resigned to run unsuccessfully for the Vice-Presidency.

In 1921 FDR was stricken with polio. He was suddenly a cripple and virtually helpless. Through pure grit and determination he overcame this adversity. He was elected Governor of New York in 1928. His second term as Governor was a harbinger of what was to come during his Presidency. As Governor he created the nation's first relief agency and sponsored legislation for labor and judicial reform, unemployment relief, reforestation and public works projects. In 1932 Franklin was elected President. His unassailable optimism and fearlessness set the tone for his administration. "Fireside chats", "the New Deal" and the proliferation of all of the "alphabet soup" agencies are all associated with FDR. On April 12, 1945 Franklin Roosevelt died and was laid to rest at his beloved Hyde Park.

— The Bettmann Archive

Statistical Section

Schedule of Revenues, Expenditures and Other Financing Sources (Uses)

ALL GOVERNMENTAL FUNDS

For the Ten Past Fiscal Years

(Amounts in millions) (Unaudited)

	1977-78	1978-79	1979-80
REVENUES:			
Taxes	$ 10,491	$ 11,005	$ 12,320
Miscellaneous revenues	1,355	1,502	1,768
Federal grants	4,772	5,473	6,113
Receivables from other government units	1,025	1,011	135
Repayment of advances by public authorities	42	24	32
Total revenues	**17,685**	**19,015**	**20,368**
EXPENDITURES:			
Grants to local governments	10,569	11,303	12,168
Operations of state departments and agencies	4,839	5,347	6,033
Debt service	779	840	896
Capital projects	774	1,015	1,194
Advances and miscellaneous	886	900	122
Total expenditures	**17,847**	**19,405**	**20,413**
Revenues over (under) expenditures	(162)	(390)	(45)
OTHER FINANCING SOURCES (USES):			
Bond proceeds	279	99	283
Tax and revenue anticipation note proceeds	—	—	—
Transfers from other funds	—	—	—
Transfers to other funds	—	—	—
Net other financing sources	**279**	**99**	**283**
Operating revenues and other financing sources over (under) expenditures and other financing uses	**$ 117**	**$ (291)**	**$ 238**

Footnote: Amounts prior to 1980-81 fiscal year are cash basis amounts

Source: Office of the State Comptroller

1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
$ 13,597	$ 15,060	$ 16,252	$ 18,498	$ 20,803	$ 22,255	$ 25,030
2,140	2,782	3,191	2,943	3,555	3,798	4,303
5,936	6,955	7,047	7,432	8,195	8,999	9,436
—	—	—	—	—	—	—
—	—	—	—	—	—	—
21,673	**24,797**	**26,490**	**28,873**	**32,553**	**35,052**	**38,769**
13,136	15,705	17,005	17,737	19,591	21,405	23,390
7,144	8,097	9,018	9,543	10,625	11,165	11,951
858	701	1,143	1,229	1,309	1,315	1,335
1,016	996	1,294	1,109	1,328	1,521	1,749
—	—	—	—	—	—	—
22,154	**25,499**	**28,460**	**29,618**	**32,853**	**35,406**	**38,425**
(481)	(702)	(1,970)	(745)	(300)	(354)	344
240	123	529	295	274	655	1,302
—	—	218	—	—	—	—
23	3,348	3,908	3,396	3,770	3,794	4,473
—	(3,093)	(3,512)	(3,396)	(3,770)	(3,794)	(4,148)
263	**378**	**1,143**	**295**	**274**	**655**	**1,627**
$ (218)	**$ (324)**	**$ (827)**	**$ (450)**	**$ (26)**	**$ 301**	**$ 1,971**

Schedule of Collections of Principal State Taxes

(Amounts in millions) (Unaudited)

Fiscal Year	Personal Income Tax	Sales and Use Tax	Motor Fuel Tax	Corporate Franchise Tax	Cigarette Tax	Corporate & Utility Tax	Total Taxes Collected By Year
1977-78	$ 4,476	$ 2,412	$ 481	$ 1,087	$ 335	$ 450	$ 9,241
1978-79	4,894	2,590	490	1,005	328	480	9,787
1979-80	5,962	2,824	460	1,014	332	536	11,128
1980-81	6,617	2,957	436	1,094	336	635	12,075
1981-82	8,040	3,097	430	1,137	338	783	13,825
1982-83	8,227	3,358	423	1,044	333	778	14,163
1983-84	9,417	3,757	396	1,201	438	929	16,138
1984-85	10,391	4,017	384	1,455	434	929	17,610
1985-86	11,482	4,566	440	1,526	425	888	19,327
1986-87	12,238	4,849	466	1,565	407	856	20,381
1987-88 (Projected)	13,301	5,255	466	1,790	397	899	22,108
TOTAL	$ 95,045	$ 39,682	$ 4,872	$ 13,918	$ 4,103	$ 8,163	$ 165,783

Source: Various Official Statements

Schedule of State Related Debt Per Capita

(Unaudited)

Fiscal Year	Total State Population (Millions)	General Obligation Debt	State Guaranteed Authority Debt	Lease/Purchase and Contractual Obligation Debt	Moral Obligation Debt	Total Debt
1977-78	17.9	$ 207	$ 30	$ 218	$ 584	$ 1,039
1978-79	17.7	206	29	225	630	1,090
1979-80	17.6	206	30	222	656	1,114
1980-81	17.6	206	29	222	676	1,133
1981-82	17.6	209	28	261	711	1,209
1982-83	17.6	216	28	284	714	1,242
1983-84	17.7	212	31	323	731	1,297
1984-85	17.7	215	35	318	726	1,294
1985-86	17.7	211	32	341	707	1,291
1986-87	17.8	218	33	386	721	1,358

Source: Various Official Statements

Schedule of Demographic Statistics

(Unaudited)

Years	Population (1000S)	% of U.S. Population	Per Capita Personal Income	Unemployment (1000S)	Unemployment %
1975	18,041	9.4	$ 6,545	727	7.5
1976	18,000	9.0	7,800	700	7.6
1977	17,500	8.5	8,100	750	7.6
1978	17,550	7.8	9,000	695	7.7
1979	17,500	7.6	9,800	598	7.5
1980	17,558	7.6	10,256	597	7.6
1981	17,556	7.5	11,466	612	8.6
1982	17,567	7.5	12,314	686	8.6
1983	17,667	7.5	12,990	691	8.6
1984	17,735	7.4	13,200	612	8.5
1985	18,000	7.5	13,300	600	8.6

Source: Significant Features of Fiscal Federalism

Schedule of City Populations Within New York State

(Unaudited)

City	1930	1940	1950	1960	1970	1980
New York City	6,930,446	7,454,995	7,891,957	7,781,984	7,895,563	7,071,639
Buffalo	573,076	575,901	580,132	532,759	462,768	357,370
Rochester	328,132	324,975	332,488	318,611	295,011	241,741
Yonkers	134,646	142,598	152,798	190,634	204,297	195,301
Syracuse	209,326	205,967	220,583	216,038	197,297	170,105
Albany	127,412	130,577	134,995	129,726	115,781	101,727
Utica	101,740	100,518	101,531	100,410	91,373	75,632
Niagara Falls	75,460	78,029	90,872	102,394	85,615	71,384
Schenectady	95,692	87,549	91,785	81,682	77,859	67,972
Other Areas	4,012,136	4,378,033	5,233,051	7,328,066	8,816,394	9,205,201
Total State Population	12,588,066	13,479,142	14,830,192	16,782,304	18,241,958	17,558,072

Source: 1985 Official Statement

Schedule of Ten Largest Industrial & Commercial Employers

(Unaudited)

Firm	Location
The Chase Manhattan Corporation	New York City
Citicorp	New York City
Eastman Kodak Company	Rochester
Federated Department Stores	New York City
General Electric Company	Schenectady
General Motors Corporation	Buffalo
Grumman Corporation	Bethpage
International Business Machines	Armonk
Manufacturers Hanover Trust Company	New York City
Sears, Roebuck & Company	Albany

Source: 1986 Official Statement

STATE OF NEW YORK

Office of the State Comptroller Organization

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